



Iowa Board of Regents

Administrative Operating Model and Business Cases Discussion Document

October 2, 2014

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Preface

Understanding the context surrounding the business cases is important to inform the Board's decision-making process

- This presentation is a deliverable output of Phase 2 of the Transparent, Inclusive Efficiency Review (TIER). It includes the business cases and operating models for selected Administrative areas.
- Phase 2 focused on conducting an analysis to quantify potential costs and savings associated with each chosen opportunity from Phase 1. The primary objective of this phase was to develop a business case for each of 12 prioritized administrative opportunities, and to identify operating model elements that may need to be established or modified to realize successful implementation. The Phase 2 analysis led to a more clear definition of the opportunities at each University.
- The analysis for Phase 2 for administrative areas was primarily conducted during June, July, and August of 2014
- In some of the Phase 2 business cases, potential changes to the way work is performed could affect the organizational structure and staffing levels at individual universities. In these cases, it is important to note that there are many ways to realize these staffing changes, including by using natural attrition or phased retirements. If any of these business cases proceed into implementation, the decision about how to handle any staffing changes would be made by the Board and Universities
- Potential implementation activities and timelines are suggested for the Board's consideration. The Board may decide, at its discretion, which initiatives to pursue, the implementation timing, and implementation approach.

This Business Case Discussion Document provides additional insight and analysis to help facilitate the Board's decision-making process in assessing which opportunities to pursue and how to facilitate next steps

There were several inputs to the Phase 2 analysis including interviews, town hall meetings, sounding boards, and university provided data

The analysis conducted during Phase 2 further refined the scope of opportunities identified during Phase 1. It also took into consideration the nuances and unique nature of different administrative functions across the three Universities. Inputs to the Phase 2 analysis include the following:

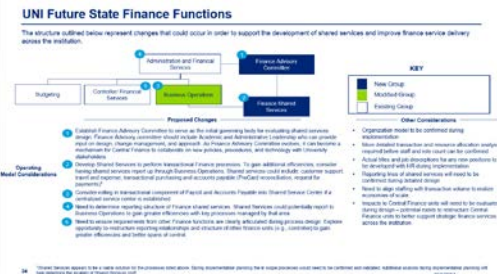
- Conducted hundreds of interviews with participants at all three universities, including administrative Vice Presidents and Directors, department administrators, academic leadership, faculty, and staff
- Reviewed volumes of university-wide data including financial data, policies, human resources data, and systems data
- Conducted open town hall meetings at each university for all community members to express ideas and ask questions
- Conducted sounding board sessions at each university to share initial observations and obtain feedback. The sessions were held with faculty, staff, students, and union representatives
- Met with VPs and other campus leadership to validate observations and assumptions

Phase 2 deliverables include business cases, operating models, and an implementation roadmap and action plan

This presentation summarizes the Operating Model and Business Case items. The Implementation Roadmap and Action Plan is captured in a separate document:



Business Case: Represents an analysis of a proposed opportunity to facilitate the decision of whether the projects should be undertaken and move into implementation.



Operating Model: Represents how the universities operate currently and proposed changes in the future. Categories include: Governance; People, Process, Technology; Structure; and Performance Management.



Implementation Roadmap and Action Plan: Represents a summary of how the opportunities could be implemented over time along with a list of potential actions.

Phase 2 opportunities will be either University Driven, Consultant Coached, or Consultant Facilitated as they proceed into Implementation

Opportunities fall into three categories for Implementation which are further defined below.

Approach	Description	Primary Benefits	When To Use
University or Board Driven	Individual universities or the Board lead implementation activities defined in the action plan	<ul style="list-style-type: none">▪ Less expensive from a funding perspective▪ Builds internal ownership and capability	<ul style="list-style-type: none">▪ In-house skills exist▪ Internal capacity is available▪ Defined path forward
Consultant Coached	Universities perform implementation activities, however a consultant may play a defined role in coaching, or further supporting the opportunity	<ul style="list-style-type: none">▪ Builds internal ownership and capability▪ Incorporates outside perspectives and practices	<ul style="list-style-type: none">▪ Internal capacity is available▪ Some internal skills are in place, but additional support or insights are needed
Consultant Facilitated	The consultant works with a university or Board sponsor, but implementation activities are largely performed or heavily supported by a consultant	<ul style="list-style-type: none">▪ Provides access to outside skills and experience which may not reside within the universities or the Board▪ Assigns specific resources to the effort which limits internal capacity concerns	<ul style="list-style-type: none">▪ Requires deep expertise to implement a complex initiative▪ Internal capacity is not available▪ Sensitive initiative which may have benefits to using a third party

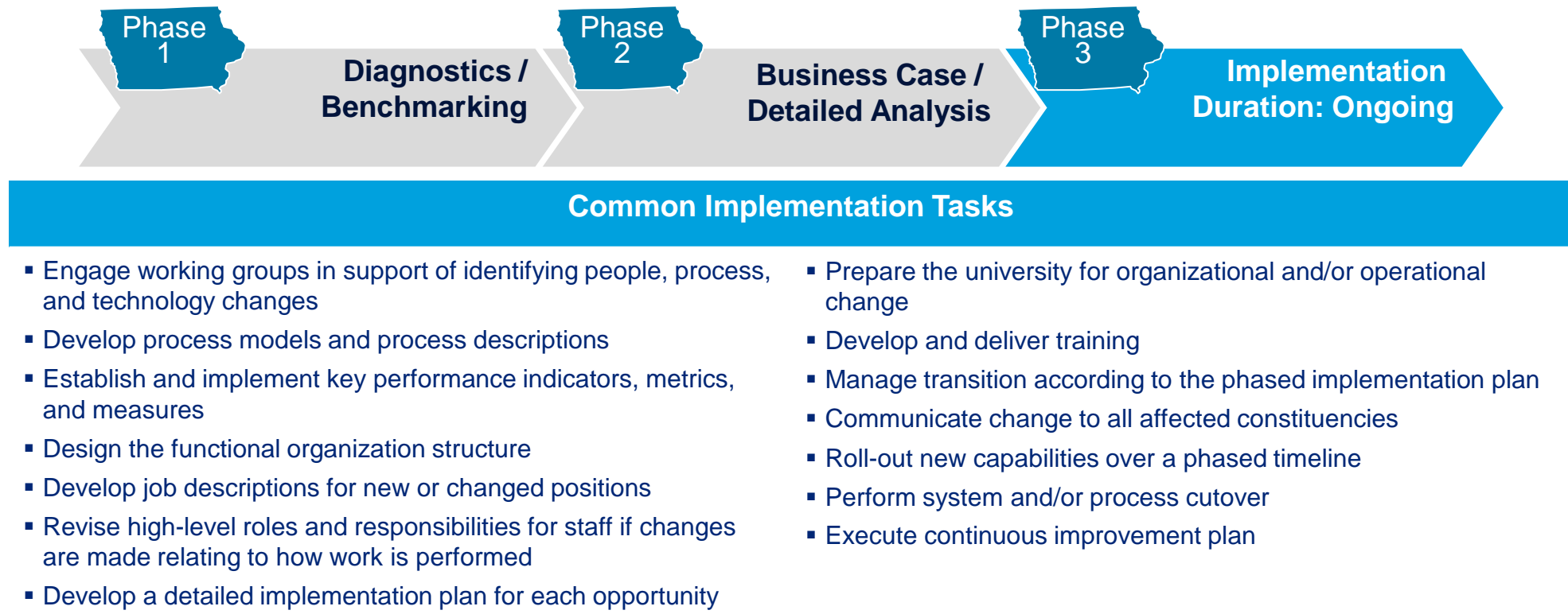
The work undertaken during Phase 2 has helped to lay the groundwork for successful organizational change

The interviews, discussions, and analysis conducted during Phase 2 have created positive momentum that will help lead to a more successful implementation. During this phase the following have occurred:

- Developed a more comprehensive understanding of institutional priorities and opportunity areas
- Engaged stakeholders in understanding their challenges which are driving the rationale for change
- Built relationships with key stakeholders whose input will be critical during implementation
- Developed a better understanding of resources being used to support certain functions
- Increased alignment of leadership on where there are opportunities to improve efficiency

At the conclusion of Phase 2, additional work remains to collaboratively design and implement solutions

Phase 2 focused on conducting an analysis to quantify potential costs and savings associated with each chosen opportunity from Phase 1. The outputs of Phase 2 represent estimates that will help inform the decision making process as to whether opportunities should move forward. The implementation activities that typically occur after a decision has been made to move forward with a specific opportunity are outlined below. Not all activities are required for all opportunities:



Introduction

The status quo may be unsustainable if Iowa's public universities are to maintain their high standards of quality and affordability

The TIER Project was formed in response to:

- Higher education overall, and the three Iowa Universities, facing increased economic constraints
- Board of Regents and University leadership wanting to help control student debt and ensure an affordable, high-quality public education for any Iowan who wants it
- The Board of Regents and University leadership wanting to be positioned effectively for the future from both an operational and economic perspective
- The desire to maximize university resources, reduce costs, and operate as efficiently and effectively as possible

The current state operating models in the Regent universities have certain structural complexities that create inefficiency

While each University has pursued multiple efficiency initiatives to improve service and reduce costs, structural complexities still exist that include:

- Overlap and duplication of functional and business activities across some colleges and central functions
 - Processes sometimes vary across units and are often unclear
- Unclear roles and responsibilities between Central Administration and colleges for some administrative work
 - Organizational relationships are often complex due to the degree to which colleges operate independently and scale is not always appropriately leveraged
 - Departments sometimes operate in silos without channels to promote cross-department or cross-college collaboration
- Lack of clear performance objectives and/or expectations across and among units in most cases
 - Organizational performance is not consistently managed or measured
 - There are few formalized Service Level Agreements (SLAs) to guide performance

There are many qualitative and quantitative benefits to pursuing transformational activities

There are many benefits to pursuing organizational transformation. High-level benefits include:

- Achieving more efficient operations that can allow resources to be dedicated to strategic endeavors
- Developing a greater understanding of cost drivers behind key processes and functions
- Establishing more consistent processes, roles, and responsibilities across the organization
- Providing greater career progression for staff
- Refining policies so they are clear and more consistently reflect best practices
- Expanding the use of Service Level Agreements to ensure that service delivery levels, roles, and expectations are clear
- Increasing visibility into performance through the measuring and tracking of Key Performance Indicators (KPIs)
- Expanding the culture of continuous process improvement

Business Case and Operating Model Overview

Business cases are valuable tools to evaluate opportunities but should not be viewed as 100% accurate

A business case is an integral part of the process for evaluating potential opportunities within a defined set of options. The business case should answer the questions of what is the opportunity, how much value could it create, and what are key considerations for implementation

Purpose

- To complete an analysis of a proposed opportunity to facilitate the decision of whether the projects should be undertaken and moved into implementation

Key Objectives

- Determine the potential value of opportunities and define the costs and expected benefits of the opportunities
- Define the return on investment and payback period associated with an opportunity
- Identify what changes will lead to expected outcomes and provide an overview of the value drivers tied to benefits
- Facilitate decision making on a proposed opportunity
- Tie actual outcomes/benefits to the expected benefits in the business case and track progress during implementation

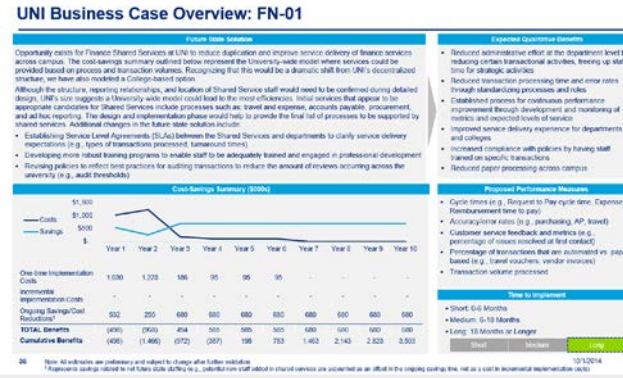
A business case is:

- An analysis of expected costs and benefits (both one-time and ongoing) for an opportunity
- A method of analyzing various economic and operational variables to predict the impact
- A method of logically structuring an analysis for a specific course of action or decision

A business case is not:

- A workplan
- A budgeting tool or 100% accurate
- An exhaustive list of considerations and risks

The business cases in this presentation have common elements which are described in the table below



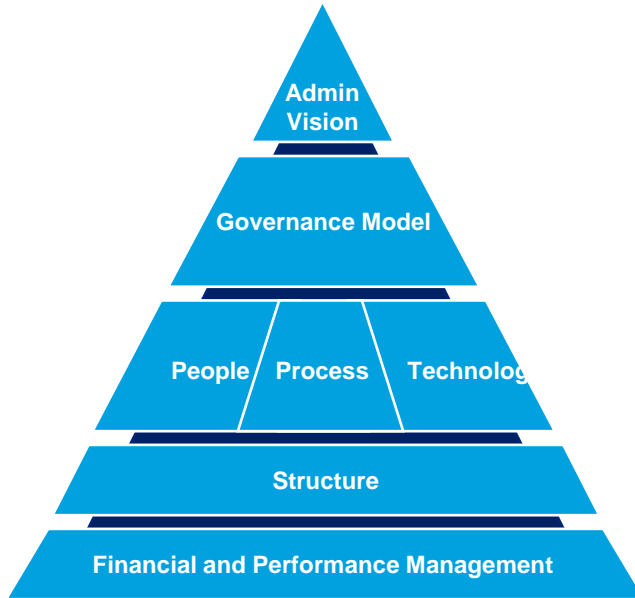
Field Name	Content Description
Current State Challenges	Describes the obstacles and impediments confronting the area being analyzed
Future State Solution	Describes the primary elements or changes to process, technology, or organization that are reflected in the business case
Qualitative Benefits	Identifies the non-quantifiable benefits which generally include areas such as service quality improvement, customer satisfaction, increased compliance, etc.
Cost and Savings Summary	Provides an estimate for the savings and costs associated with a specific opportunity. Areas of costs and savings generally include: technology hardware, software, licenses, vendor/professional services, training, other areas of expense and personnel
Time to Implement	Indicates if the opportunity is expected to be short (0-6 months), medium (6 – 18 months), or long (18 months or longer) term
Performance Measures	Identifies the measures which will be collected, monitored, and evaluated to determine if outcomes and results are achieved
Timeline	Indicates the summary level tasks which will occur by quarter
Activity Details	Provides a brief description of the primary activities taking place on the timeline

The business cases in this presentation have common elements which are described in the table below (Continued)

Field Name	Content Description
Within Business Case	Identifies the elements that are in scope for the business case along with a summary of what was analyzed
Outside of Business Case	Identifies the elements that were not in scope or reviewed as part of the business case
Risks / Issues	Identifies the areas that could jeopardize the success of the opportunity or degrade savings/revenue estimates
Assumptions	Identifies the key assumptions that affect the range of savings/revenue forecasted in the business case
Dependencies	Identifies the areas that must be addressed prior to fully implementing the business case and achieving the desired outcomes
Next Steps	Identifies the key actions which should be undertaken after the opportunity moves into implementation

In addition to the Business Cases, the Phase 2 analysis defines potential future state operating models in several administrative areas

The table and graphic below outline the typical components of an operating model. The focus of the analysis was primarily on the Governance Model; People, Process, Technology; Structure; and Financial and Performance Management layers.



Component	Description
Admin Vision	Sets the administrative vision for the three Regent Universities
Governance Model	Describes the mechanism by which decisions are made and issues are resolved
People, Process, Technology	Presents a view of the current and target organization, high-level processes, and technology components that support the organization
Structure	Identifies how the universities are physically organized and arranged across geographies, hierarchies, and reporting relationships
Financial and Performance Management	Offers a mechanism for measuring the success of the defined strategies including financial model, Service Level Agreements (SLAs), and identifying and tracking performance metrics

Business Case Summary

Twelve administrative areas were analyzed as part of Phase 2

Administrative opportunities documented below were further analyzed during Phase 2. This deliverable contains eight of the administrative business cases as four have already been reviewed by the Board. Analysis of academic business cases will follow Administrative areas.

#	Administrative Business Case Name
FN-01	Revise distributed Finance delivery model
HR-01	Revise distributed HR delivery model
IT-01	Transforming the distributed IT landscape
IT-02	Transforming the central ITS delivery model
IT-03	Streamlining the applications landscape
IT-04	Using technology innovations to reduce Total Cost of Ownership (TCO)
FAC-03	Reduce utilities and operational costs by limiting use of buildings during the summer
FAC-04	Reduce energy consumption by investing in energy management initiatives
SP-01*	Strategically source targeted spend categories
HR-10*	Establish clear policy for Professional and Scientific staff search committee size and structure
SS-05*	Create a common application portal
SS-08*	Standardize "manual" calculation of Regent Admission Index

#	Academic Business Case Name
SSU-03	Improve utilization of classroom space through scheduling policy
SSU-04	Optimize faculty allocation through a data-informed, student-centered course schedule
APOE-01	Enrollment Management – strengthen academic programs to achieve maximum competitiveness
APSS-01	Student Access – Distance Education
APOE-06	Develop system-wide Institutional Research reporting and data sharing

Note: Academic analysis will follow the administrative business cases

*Previously reviewed by the Board of Regents and not included in this deliverable

Several global assumptions were made that were applied to business cases

- **Benefits** as a percent of payroll. Source: Comprehensive HR Report
 - SUI: 29.2%
 - ISU – 31.9%
 - UNI – 34.5%
- **Attrition Rates** (Inclusive of Retirements). Source: University HR
 - SUI
 - 8.5% (Average rate of overall attrition for 2012 and 2013 among P&S Staff)
 - 9.8% (Average rate of attrition for 2012 and 2013 among merit Staff)
 - 6.1%. (Average of 2012 and 2013 IT P&S Turnover)
 - UNI:
 - 9.0% for P&S
 - 6.0% for Merit
 - No IT specific data available. Suggest using overall P&S rate of 9.0%
 - ISU:
 - 8.75% (average of SUI and UNI data. No information available for ISU)
 - 6.1% (average of SUI and UNI data. No information available for ISU)
 - No IT specific data available. Suggest using overall P&S rate of 8.75%
- **Staffing Change Modeling Approach:**
 - Allow attrition to occur for two years from when implementation begins
 - Assume that if phased retirement is offered, 25% of the eligible population will take the option
 - All phased retirements are modeled as beginning in year 2 of implementation
 - While the assumptions above were used to model potential changes to staffing, the universities will work with the Board to develop university-specific approaches during design and implementation
- **Training** costs per new hire for new positions \$5,000 (one time)
- **Space** build out cost per new employee (one time) \$15,000 if moving to University Shared Services model. However, no additional space acquisition costs were modeled.
- **Internal Implementation Resource Costs:** Internal university staff resource time and effort (as well as associated labor cost) to support implementation was not estimated during Phase II. Internal staff resource requirements will vary based on implementation model chosen and will need to be considered prior to design and implementation.

Implementation of the opportunities analyzed during Phase 2 can occur over a multi-year timeframe

There is a separate implementation roadmap and action plan that further details implementation activities. However, as the Board decides how to move forward below are a few factors to consider which could affect the costs and timeline to implement these opportunities:

- The amount of change the universities and Board can absorb
- The number of people within the universities available to support implementation
- The skillsets available within the universities to lead the changes described in this document
- The funding available to implement business cases
- The dependencies between opportunities

Finance

FN-01 Business Case Overview and Context

The FN-01 Business Case evaluates ways to revise the service delivery model for decentralized finance processes, and structure transactions to improve service quality, reduce handoffs, and improve accountability. As part of this analysis we reviewed the potential for Shared Services. **Shared Services is not a one-size-fits-all model.** There are many potential models, all of which fall on a spectrum with varying degrees of coordination and services provided.

Based on our initial analysis, it appears shared services could be a viable option to improve efficiencies at all three Iowa Board of Regents institutions. **The optimal model for each institution is dependent on several different factors and would need to be determined during design.** Different factors that need to be taken into consideration include:

- Degree of existing technology automation and reporting capabilities
- Organizational readiness of Human Resources functions to support organizational change
- Stakeholder willingness to revise service delivery model
- Costs associated with organizational change
- Organizational size and volume of transactions

The FN-01 Business Case provides service delivery options and a range of the potential costs and savings for finance shared services. If finance shared services is pursued, detailed design would be required to confirm the optimal organizational model, staffing levels, and in-scope processes for each institution.

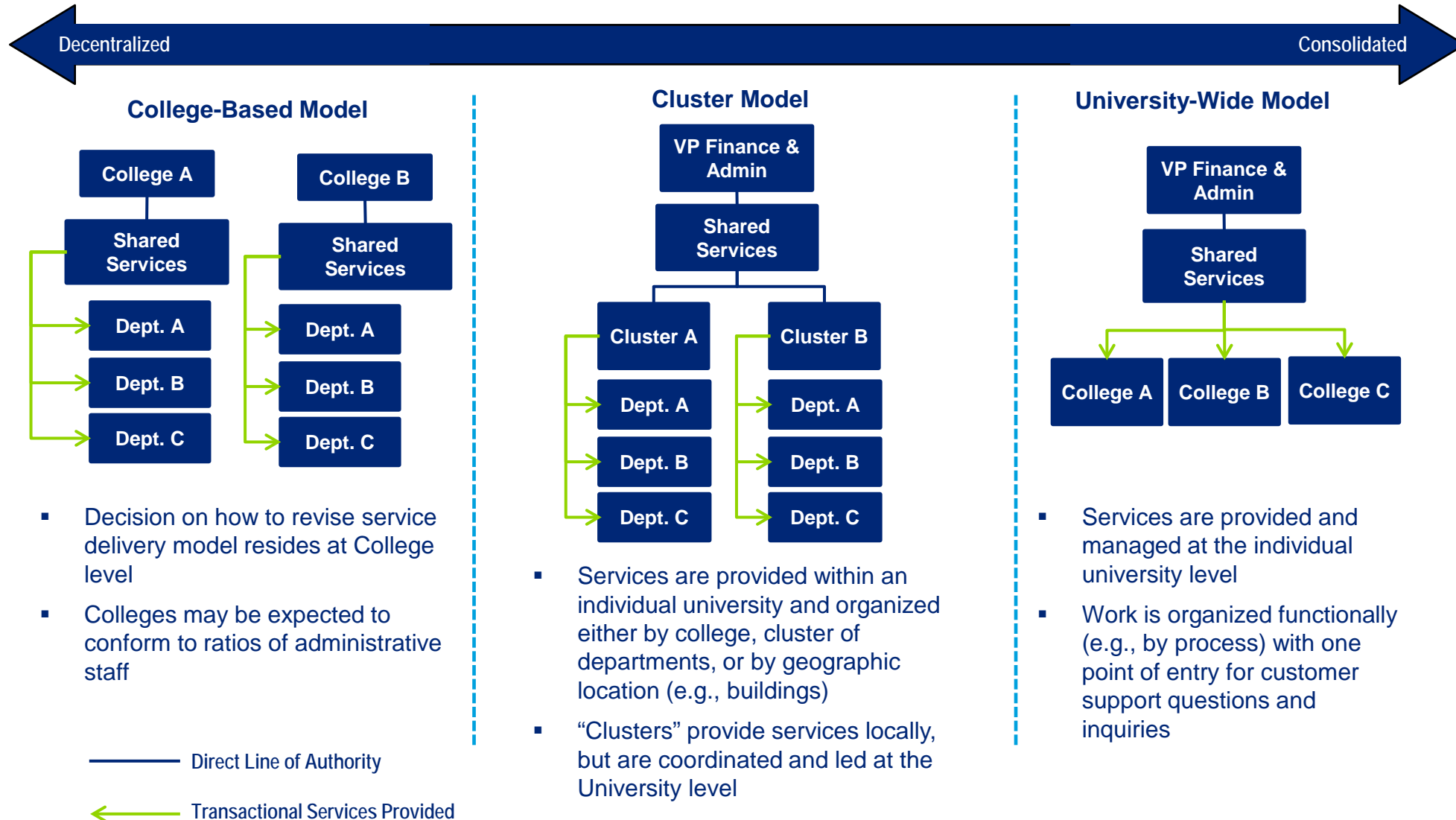
Shared Services: What is it?

Shared Services differs on many levels from Centralized Services. Shared Services entities typically focus on processing common transactions for an organization to improve service delivery, reduce processing time, and increase accuracy. The optimal service delivery model would balance the need for standardization and efficiency with the recognition of local needs and the importance of customer service.

Attributes	Decentralized	Shared Services	Centralized
Operating Units Treated Like	Entrepreneurs	Customers (internal and external)	End Users
Process Focus	Transactional: "Get the job done"	Service Excellence, High Performance, Cost Control, Continuous Improvement (service and costs)	Cost Control
Key Metrics	Ad hoc	Key Performance Indicators (KPIs) and Service Level Agreements (SLAs)	Budgets
Relationship with Operating Units	Embedded	Cooperation	"Competition"
Customer Contact Management	Not performed	Multiple channels (voice, email, web)	Variable
Hours of Operation	Standard business hours	Extended business hours to meet service needs	Standard business hours
Location	Local	Variable	Central Admin
Typical Management Processes	Just-in-time (services are often ad hoc or as needed)	Performance Management (Continuous Improvement, Client Relationship Management, Communication, People Development)	Tactical (Workload Management, Cost Management)

Illustrative Shared Services Options

There are multiple operating models that can be considered when evaluating whether the service delivery model for transactions can be improved. Options provided below are illustrative of common delivery models. There are multiple hybrid models that are also feasible along the spectrum.



Overview of Shared Services Options Modeled

In an attempt to conduct a consistent analysis across all three universities we developed initial cost and savings estimates based on two different models that appear on different points along the shared services spectrum. Additional information about typical Shared Services models can be found on the subsequent slides.

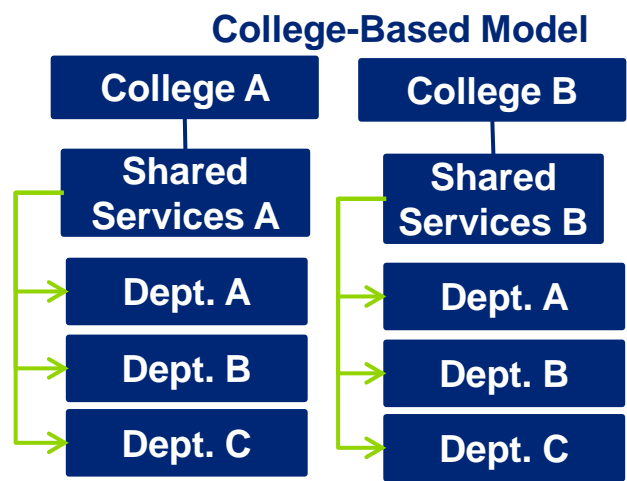
Option 1 – The College-Based Model	Option 2 – The University-Wide Model
<ul style="list-style-type: none">▪ Outlines potential costs and savings associated with colleges reorganizing internally, and developing process experts in certain areas to provide services across departments▪ Assumes that the development of best practices and staffing levels are led at the University level to ensure consistency▪ Represents minimal upfront investment, and uses process redesign and development of functional “experts” at the college level to reduce the level of effort required.	<ul style="list-style-type: none">▪ Outlines potential costs and savings associated with developing shared services that provide services across the university▪ Involves a larger upfront investment in technology, staff, and training, but results in larger steady state savings▪ Efficiencies in this model are derived through process improvement, technology automation, and reduced handoffs and workarounds

Further detail on different shared services models can be found on the following slides. The cost and savings estimates presented for Option 1 and Option 2 for each university are meant to represent a range.

College-Based Model

In this model, colleges/units decide how to redesign the service delivery model for specific transactions, with input from Central.

Description



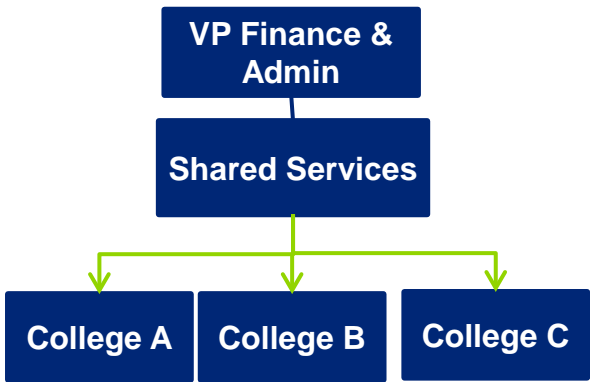
- Decision on how to revise service delivery model resides at College level
- Colleges may elect to centralize certain services at the college level, or to provide services locally at the department level
- Functional point person/lead exists for each functional area (e.g., finance, HR)
- Colleges may be expected to conform to ratios of administrative staff to size of college/departments

Benefits	Challenges
<ul style="list-style-type: none">▪ Localized decision-making▪ Fosters entrepreneurship and innovation▪ More widely accepted by departments due to smaller degree of organizational change required▪ Frequently has a lower implementation cost▪ Quicker implementation timeframe and less change management effort required▪ Relatively easy to track realized savings at the department or college level	<ul style="list-style-type: none">▪ Limits savings potential because it does not leverage the scale of the university▪ Processes, systems, and policies are not standard, which creates process and policy inefficiency▪ Duplication of services across colleges▪ Limits collaboration across colleges and prevents full visibility and accountability to university priorities▪ Colleges/units may lack resources to implement changes

University-Wide Model

In the University-wide model, services are provided centrally through a coordinated effort university-wide.

University-Wide Model



Description

- Services are provided and managed at a university level
- Work is organized functionally (i.e., by process) with one point of entry for customer support questions and inquiries
- Work is governed by Service Level Agreements that allow for clear tracking of service levels and performance

Benefits	Challenges
<ul style="list-style-type: none">▪ Processes and procedures are standardized across the university▪ Continuous process improvement initiatives are easier to identify and roll-out▪ Opportunity to maximize savings across the university▪ Minimize duplication of effort and handoffs across the university▪ Strong career growth potential for staff▪ Opportunity to use Service Level Agreements to support improvement in customer experience and service delivery▪ Allows Central Units and Colleges to focus on more strategic activities than compared to the college or cluster model	<ul style="list-style-type: none">▪ Significant change management and organizational design required to implement▪ Strong governance required to ensure service levels are being met▪ Significant investment in technology, training, and staff required▪ Space build-out may be required to house staff▪ Changes to budget/funding model may be required to support new organization

UNI Finance Operating Model and Business Cases

UNI: Finance Operating Model Key Changes

UNI could benefit from developing finance shared services in order achieve efficiencies through reducing duplication of effort, and developing specialized resources to deliver finance services. The potential changes highlighted below could help to support the concept of shared services, and will help balance the level of effort between transactional and strategic finance effort:

- Revise processes, and roles and responsibilities, to increase efficiencies across the university by reducing handoffs and errors related to lack of training (e.g., travel and expense report creation and approval, Request for Payment processing, ad hoc reporting)
- Align skills with roles and responsibilities to make sure staff supporting finance transactions are adequately equipped to perform job functions
- Develop shared services for certain key transactional activities (e.g., Travel and Expense reimbursement, accounts payable, payroll, journal entry processing) in order to reduce duplication across campus and improve service delivery
- Utilize technology to minimize paper processing and data entry across campus (e.g., travel and expense, ProCard reconciliation, Request for Payments, Journal Entries)
- Establish service level agreements between the shared services, Central Finance and departments/units to ensure that service delivery levels and expectations are clear
- Revise governance structure to clarify decision making authority – Central Finance to play a greater role in setting policies and procedures, and Shared Services to monitor and report performance on Service Level Agreements (SLA) and metrics

UNI: Future State Considerations

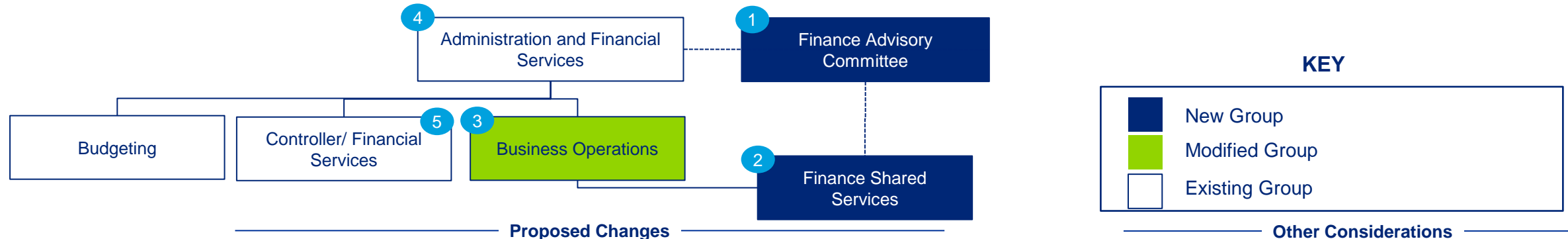
Current State	Future State	Implementation Considerations
<p>Governance</p> <ul style="list-style-type: none"> No formal finance committee structure to provide guidance/input into decision making or policy changes Disparate views on the correct balance between quick and effective policy review and campus input Unclear roles and responsibilities, and lack of SLAs, creates role confusion between central units and departmental staff 	<p>Governance</p> <ul style="list-style-type: none"> Refine governance structure to clarify roles, responsibilities and decision making Institute a Finance Committee (with clear charter, membership, scope of decision making) to facilitate policy and procedures development, collaboration, and communication across campus 	<p>Governance</p> <ul style="list-style-type: none"> Selection process for Committee members needs to be determined (e.g., member size, representation) Prioritization of activities both within and across colleges/Central to ensure realization of strategic objectives and allocation of resources
<p>People, Process & Technology</p> <ul style="list-style-type: none"> Very few dedicated finance staff reside in colleges or departments (approximately 2 FTEs in College of Education and 4 FTEs in Central Administrative units); administrative staff often responsible for providing finance support - skillset of staff varies widely Decentralized nature of finance support makes it difficult to adequately train staff in new technology and policies Extensive audit requirements for finance related transactions creates multiple reviews in the department, College, and in Central Finance Lack of technology automation in key areas means a lot of processes still require use of paper processing and intercampus mail (e.g., travel, request for payments). UNI has partnered with University of Iowa to implement ProTrav, but implementation has not yet occurred 	<p>People, Process & Technology</p> <ul style="list-style-type: none"> Align skills with roles and responsibilities to ensure staff are adequately equipped to perform job functions Develop shared services for certain key transactional activities to reduce redundancies across campus and improve service delivery Evaluate audit policies to take into account best practices and reduce the volume of duplicate reviews (e.g., expense receipt verification, audit requirements) Develop trained, dedicated staff to reduce redundancies and improve service delivery Implement key technology to increase automation (e.g., Travel and Expense System, online Request for Payment) 	<p>People, Process & Technology</p> <ul style="list-style-type: none"> Process redesign will be required in key areas to revise handoffs and incorporate best practices Technology requirements will need to be implemented in order to gain full efficiencies Revised job descriptions will need to be developed in conjunction with HR Broader leadership input on institutional risk tolerance and approach to reviewing internal and external audit recommendations will need to be defined

UNI: Future State Considerations (cont.)

Current State	Future State	Implementation Considerations
<p>Structure</p> <ul style="list-style-type: none"> ▪ The three major central finance units report up through the Vice President for Finance and Administration (VPFA) ▪ Finance effort is decentralized, with Central Finance providing core support and departments managing transaction processing, leading to duplicative functions across campus ▪ Disparate Central Finance units can sometimes limit cross-collaboration and cause confusion for customers on who to contact ▪ Administrative staff often report to faculty or department chairs, rather than finance managers, which can impact expectations around service delivery, policy compliance, and professional development 	<p>Structure</p> <ul style="list-style-type: none"> ▪ Develop finance shared services to house transactional finance processing to reduce redundancy and inconsistency at department level (e.g., Travel and Expense reimbursements, Accounts Payable) and free up Central staff time to focus on strategic finance activities ▪ Realign reporting lines so staff responsible for executing and reviewing finance transactions are in tune with best practices and accountable to University standards ▪ Define lines of authority, with roles and responsibilities communicated to key stakeholders ▪ Develop staff responsible for finance services through training, as required 	<p>Structure</p> <ul style="list-style-type: none"> ▪ Resource allocation analysis is required to confirm current state effort and inscope processes ▪ In scope processes for shared services need to be confirmed and redesigned ▪ Funding model for shared services needs to be determined prior to implementation ▪ The physical location of staff in some cases may not change, even though their reporting lines and organizational structures may be revised
<p>Financial & Performance Management</p> <ul style="list-style-type: none"> ▪ Lack of Service Level Agreements (SLAs) being tracked, leading to confusion over roles and turnaround expectations ▪ Tracking of Key Performance Indicators (KPIs) is ad hoc; metrics are often not used to measure performance 	<p>Financial & Performance Management</p> <ul style="list-style-type: none"> ▪ Develop SLAs between Central Finance, shared services, and units/departments so that roles and expectations are clear ▪ Track KPIs consistently so performance can be measured and improved 	<p>Financial & Performance Management</p> <ul style="list-style-type: none"> ▪ Need to determine who will own development of SLAs ▪ Need to ensure availability of accurate data to track KPIs

UNI Future State Finance Functions

The structure outlined below represent changes that could occur in order to support the development of shared services and improve finance service delivery across the institution.



Operating Model Considerations

- Other Considerations**
- Organization model to be confirmed during implementation
 - More detailed transaction and resource allocation analysis required before staff and role count can be confirmed
 - Actual titles and job descriptions for any new positions to be developed with HR during implementation
 - Reporting lines of shared services will need to be confirmed during detailed design
 - Need to align staffing with transaction volume to realize economies of scale
 - Impacts to Central Finance units will need to be evaluated during design – potential exists to restructure Central Finance units to better support strategic finance services across the institution

UNI Business Case Overview: FN-01

Business Case ID	Description
FN-01 Revise distributed Finance delivery model	Streamline and standardize how finance transactional activities are delivered (e.g., creation of travel and expense reports, purchase requisitions). Explore opportunity for Finance Shared Services.

Current State Challenges:

- Decentralized model makes it difficult to train administrative staff on policies and procedures, resulting in rework, slower turnaround times, and compliance issues
- Multiple levels of reviews are being performed for certain transactions (e.g., travel and expense, procurement) making processes time-consuming
- Unclear roles and responsibilities and lack of Service Level Agreements create role confusion between departments and Central Finance
- Lack of automation in key areas leads to paper processing (e.g., travel, request for payments)
- Skillsets of staff performing finance related tasks vary

UNI Business Case Overview: FN-01

Future State Solution

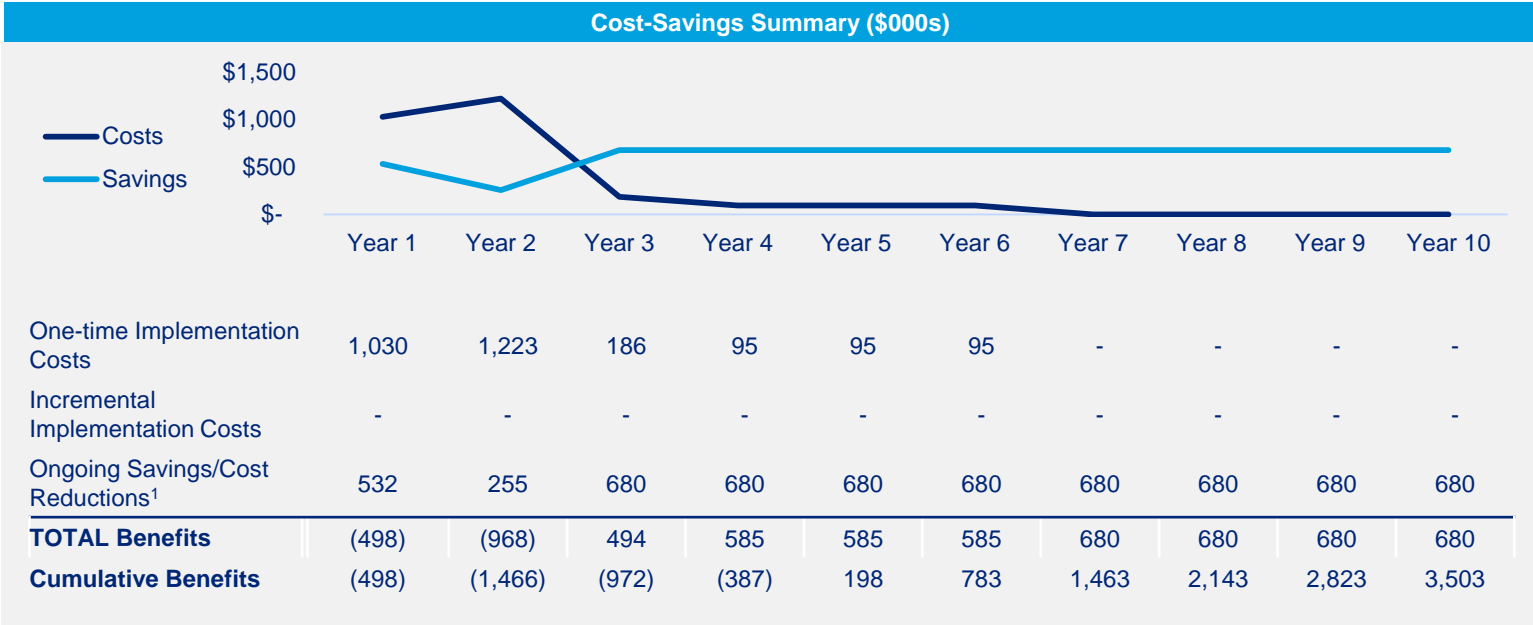
Opportunity exists for Finance Shared Services at UNI to reduce duplication and improve service delivery of finance services across campus. The cost-savings summary outlined below represent the University-wide model where services could be provided based on process and transaction volumes. Recognizing that this would be a dramatic shift from UNI's decentralized structure, we have also modeled a College-based option.

Although the structure, reporting relationships, and location of Shared Service staff would need to be confirmed during detailed design, UNI's size suggests a University-wide model could lead to the most efficiencies. Initial services that appear to be appropriate candidates for Shared Services include processes such as: travel and expense, accounts payable, procurement, and ad hoc reporting. The design and implementation phase would help to provide the final list of processes to be supported by shared services. Additional changes in the future state solution include:

- Establishing Service Level Agreements (SLAs) between the Shared Services and departments to clarify service delivery expectations (e.g., types of transactions processed, turnaround times)
- Developing more robust training programs to enable staff to be adequately trained and engaged in professional development
- Revising policies to reflect best practices for auditing transactions to reduce the amount of reviews occurring across the university (e.g., audit thresholds)

Expected Qualitative Benefits

- Reduced administrative effort at the department level by reducing certain transactional activities, freeing up staff time for strategic activities
- Reduced transaction processing time and error rates through standardizing processes and roles
- Established process for continuous performance improvement through development and monitoring of metrics and expected levels of service
- Improved service delivery experience for departments and colleges
- Increased compliance with policies by having staff trained on specific transactions
- Reduced paper processing across campus



Proposed Performance Measures

- Cycle times (e.g., Request to Pay cycle time, Expense Reimbursement time to pay)
- Accuracy/error rates (e.g., purchasing, AP, travel)
- Customer service feedback and metrics (e.g., percentage of issues resolved at first contact)
- Percentage of transactions that are automated vs. paper-based (e.g., travel vouchers, vendor invoices)
- Transaction volume processed

Time to Implement

- Short: 0-6 Months
- Medium: 6-18 Months
- Long: 18 Months or Longer

Short

Medium

Long

UNI Business Case Summary: FN-01

Timeline												
Key Activity	Q1	Q2	Q3	Q4	Q5	Q6	Q7	Q8	Q9	Q10	Q11	Q12
Design												
Build & Test												
Implement												
Optimize												

Opportunity Scope	
Within Business Case <ul style="list-style-type: none"> Estimate of staff time spent performing Finance functions in local departments (includes budget/fiscal officers, accountants, secretaries, program assistants, clerks and administrative assistants and managers) Estimates for the adoption of key technology systems Activities reviewed included Finance Customer Service, Travel & Expense, Accounts Payable, Procurement, and Accounting 	Outside of Business Case <ul style="list-style-type: none"> Research Administration Detailed requirements for technology/tool implementation Detailed resource allocation (survey of how an individual reports spending their time on certain business processes) Analysis of staff time spent in Central Finance – would need to be assessed during detailed design

Assumptions	Dependencies including Technology
<ul style="list-style-type: none"> High level estimates were used to determine percent of time administrative support staff and decentralized finance staff spend on finance related activities. Estimates were based on interviews, job descriptions and knowledge of similarly sized organizations. Model assumes that any decreases in future state staffing would be obtained in the first two years by natural attrition rates, and potentially by phased retirement. 	<ul style="list-style-type: none"> Process redesign and alignment of roles and responsibilities would be required to gain efficiencies ProTrav implementation is a dependency in order to gain efficiencies in Travel & Expense and ProCard reconciliation Policy changes would need to occur in order to maximize efficiencies (e.g., audit review policy, receipt requirements) Review of Central Finance organization would be needed to determine impact and potential for additional savings Resource availability in HR to assist with workforce transition and planning would need to be considered during design

Activity Details
<ul style="list-style-type: none"> Design: Conduct detailed design. Perform resource allocation analysis and transaction review to identify level of effort and evaluate future state staffing levels. Redesign processes and develop technology requirements. Determine funding approach and location for Shared Services. Finalize organization structure and agree on SLAs and Key Performance Indicators Build & Test: Create detailed process maps and user documentation, finalize relationship between shared service and the rest of the organization, and relocate and re-train personnel as needed Implement: Execute migration strategy; provide post-live support Optimize: Establish continuous process improvement policies, update SLAs, and staffing models
Potential Issues/Risks
<ul style="list-style-type: none"> Need to address stakeholder concerns around changes to local service delivery—change management strategy and communication plan would be needed Small volume of UNI transactions may require shared services staff to be trained on multiple processes Moving transactional activities to a shared services would impact the workload of staff remaining in departments – need to help departments revise workloads and clarify roles and responsibilities under new model
Next Steps
<ul style="list-style-type: none"> Vet opportunity with UNI leadership and key stakeholders Conduct resource allocation analysis to confirm current state baseline of finance effort Analyze results of resource allocation analysis and determine process redesign needs

UNI Finance Option #1: College-Based Model

The option modeled below outlines the potential costs and benefits related to the college-based model. This model assumes that some roles of existing staff are revised, technology enablers are implemented, and audit requirements are lessened on the front end. Assumptions outlined below would need to be confirmed during detailed design when a full resource allocation analysis and process assessment would be conducted.

All figures in \$000s		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Total	Assumptions
UNI College- Based Model	Implementation Costs												
	Technology Costs	130	-	-	-	-	-	-	-	-	-	130	Cost estimate includes improvements to Website, Journal Entry and Request for Payment (RFP) Automation. Costs are initial estimates based on knowledge of internal programming effort for minor technology modifications; it does not take into account detailed business requirements needed for each technology enabler. ProTrav, a crucial technology enabler for UNI, is not modeled in this business case since implementation costs have already been budgeted.
	Attrition Costs	-	-	-	-	-	-	-	-	-	-	-	No costs associated with natural attrition, which is expected to occur in Year 1 & 2
	Vendor Costs	600	-	-	-	-	-	-	-	-	-	600	Includes initial estimate of professional fees to assist with resource allocation analysis and high level process redesign and best practice development
	Space Costs	-	-	-	-	-	-	-	-	-	-	-	
	Training Costs	-	30	-	-	-	-	-	-	-	-	30	Includes internal training budget to train campus on policy and process changes
	Total Implementation	730	30	-	-	-	-	-	-	-	-	760	
	Costs Reduction / Savings												
	Net future state staffing	390	390	390	390	390	390	390	390	390	390	3,900	Savings assume reduction to future state staffing of 5.7 FTEs, 11% of the baseline staff of 54 FTEs. Efficiencies to be gained through clearer procedures, technology, as well as certain transactions being performed by experts at the college level in key process areas, enabling greater economies of scale. Assumes no new staff are hired; existing staff will be retrained and reallocated to college-based shared services.
	Impact												
Annual benefit	(340)	360	390	390	390	390	390	390	390	390	390	3,140	
Cumulative benefit	(340)	20	410	800	1,190	1,580	1,970	2,360	2,750	3,140			
Payback Period (in months)	23												

Note: All estimates are preliminary and subject to change after further validation. Internal staff resource time and effort (as well as associated labor cost) to support implementation were not estimated during Phase 2. Internal staff resource requirements will vary based on implementation model chosen and will need to be considered prior to design and implementation. Assumes approach for managing staffing changes will be determined by the Board and the Universities during implementation.

UNI Finance Option #2: University-Wide Shared Services

The business case outlined below represents potential costs and savings related to implementing a University-wide Shared Services model for Finance at UNI. In a University-wide model, staff would report up to a Central Shared Services Organization, but may still reside in the colleges and units. Assumptions outlined below would need to be confirmed during detailed design when a full resource allocation analysis and process assessment can be completed.

All figures in \$000s		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Total	Assumptions	
UNI Universit y-Wide Shared Services	Implementation Costs													
	Technology Costs	130	33	-	-	-	-	-	-	-	-	-	163	Cost estimate includes improvements to Website, Journal Entry and Request for Payment (RFP) Automation, and one time technology costs for shared services employees. Costs are initial estimates based on knowledge of off-the-shelf solutions and/or internal programming effort for minor technology modifications; it does not take into account detailed business requirements needed for each technology enabler. ProTrav, a crucial technology enabler for UNI, is not modeled in this business case since implementation costs have already been budgeted.
	Attrition Costs	-	95	186	95	95	95	-	-	-	-	-	566	Attrition assumes natural attrition of 8% in Year 1 and 2 (no cost associated with natural attrition since already budgeted for). Year 2 assumes phased retirement program for eligible staff.
	Vendor Costs	900	900	-	-	-	-	-	-	-	-	-	1,800	Includes initial estimate of professional fees to assist with Shared Services design and implementation if this support is needed.
	Space	-	165	-	-	-	-	-	-	-	-	-	165	Space build out at \$15K per new FTE. Assumes existing space can be used for the shared service staff
	Training Costs	-	30	-	-	-	-	-	-	-	-	-	30	Includes initial training budget for Shared Services staff. Assumes internal resources could be used to assist with training and development.
	Total Implementation	1,030	1,223	186	95	95	95	-	-	-	-	-	2,724	
	Costs Reduction / Savings													
	Net future state staffing ¹	532	255	680	680	680	680	680	680	680	680	680	6,227	The savings estimated reflect a reduction of net future state staffing of 14 FTEs. Gross change to staffing is estimated to be 25 FTEs, with approximately 11 new FTEs being hired into the shared service. Shared services staffing would need to be confirmed during detailed design. Assumes shared service staff would be hired at a higher salary rate to reflect skillset required. Assumes at least 50% of new shared services staff would be filled by existing employees. Rate of change assumes natural attrition for two years at 8%.
	Impact													
Annual benefit	(498)	(968)	494	585	585	585	680	680	680	680		3,503		
Cumulative benefit	(498)	(1,466)	(972)	(387)	198	783	1,463	2,143	2,823	3,503				
Payback Period (in months)	56													

Note: All estimates are preliminary and subject to change after further validation. Internal staff resource time and effort (as well as associated labor cost) to support implementation were not estimated during Phase 2. Internal staff resource requirements will vary based on implementation model chosen and will need to be considered prior to design and implementation.

¹ Represents savings related to net change in future state staffing (e.g., potential new staff added in shared services are accounted as an offset in the ongoing savings line, not as a cost in incremental implementation costs).

Assumes approach for managing staffing changes will be determined by the Board and the Universities during implementation.

ISU Finance Operating Model and Business Cases

ISU: Finance Operating Model Key Changes

ISU could benefit from developing finance shared services to improve transaction processing across campus. The suggested finance operating model changes could help to align roles and responsibilities with trained finance staff, and reduce duplication of services across campus. Potential changes are highlighted below.

- Develop shared services for certain key transactional activities (e.g., customer support, travel and expense, transactional procurement, accounts payable, accounting) in order to reduce redundancy of effort across campus and improve service delivery
- Align skills and training with roles and responsibilities to ensure staff receive appropriate training to perform job functions
- Establish service level agreements between the shared services, Central Finance and departments/units to ensure that service delivery levels and expectations are clear and consistently met
- Revise governance structure to clarify decision making authority – Central Finance to play a greater role in setting and monitoring processes and procedures, and Shared Services to monitor and report performance on Service Level Agreements (SLA) and metrics
- Strengthen reporting relationships between central finance office and college-level finance resources to ensure groups are collaborating, sharing best practices, and are accountable to one another (e.g., dotted line reporting to finance)

ISU Future State Considerations

Current State	Future State	Implementation Considerations
<p>Governance</p> <ul style="list-style-type: none"> ▪ Unclear roles and responsibilities and lack of SLAs creates role confusion between central units and departmental staff ▪ Perception that the Resource Management Model (RMM) has created an “Us versus Them” mentality – Colleges feel additional responsibility has been pushed out to units ▪ Fiscal Accountability Committee has been established to help evaluate finance policy and process changes 	<p>Governance</p> <ul style="list-style-type: none"> ▪ Develop robust governance structure to ensure clarity of roles, responsibilities and decision making ▪ Establish Service Level Agreements (SLAs) for services provided centrally so Colleges/Units are able to understand services offerings and performance metrics 	<p>Governance</p> <ul style="list-style-type: none"> ▪ Finance leadership should play greater role in prioritizing activities both within and across colleges/Central to ensure realization of strategic objectives and allocation of resources
<p>People, Process & Technology</p> <ul style="list-style-type: none"> ▪ The skillset of staff performing finance functions varies widely – job requirements not standardized across the institution and training is not required ▪ “Jack of all trades” model often leaves staff feeling overwhelmed by the number of processes and policies they need to be proficient in. Departmental staff often do not have peers to rely on for consultation or support during normal absences, creating delays in service ▪ Implementation of Kuali Financial System (KFS) has eliminated paper transactions in many areas, but some staff have felt overwhelmed with technology roll-out 	<p>People, Process & Technology</p> <ul style="list-style-type: none"> ▪ Align skills with roles and responsibilities to ensure staff are adequately equipped to perform job functions ▪ Develop shared services for certain key transactional activities to reduce redundancies across campus and improve service delivery (e.g., customer support, travel and expense, transactional purchasing, accounts payable, account reconciliation) ▪ Develop robust training program to ensure shared service and local finance staff are appropriately trained and performance can be monitored and improved as needed 	<p>People, Process & Technology</p> <ul style="list-style-type: none"> ▪ Process redesign will be required in key areas ▪ Technology requirements will need to be gathered and implemented in order to gain full efficiencies ▪ Revised job descriptions will need to be developed in conjunction with HR ▪ Location and structure of shared services will need to be considered during detailed design

ISU Future State Considerations (cont.)

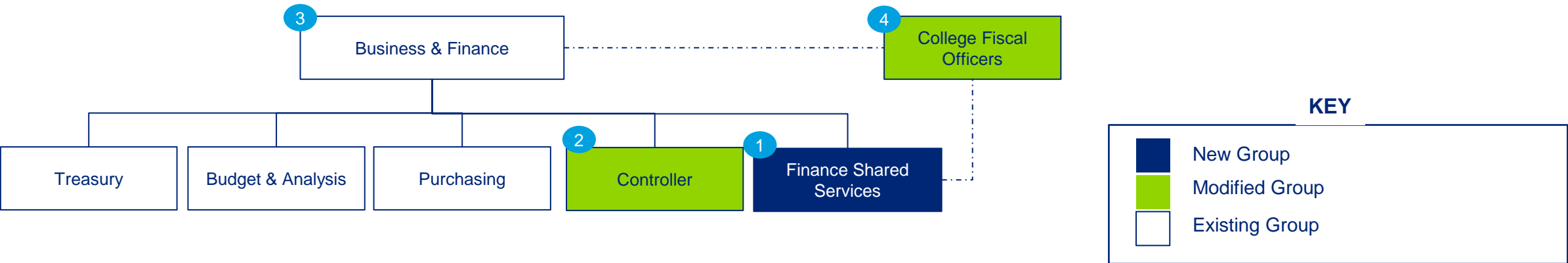
Current State	Future State	Implementation Considerations
<p>Structure</p> <ul style="list-style-type: none"> Finance effort is decentralized, with Central Finance providing core support and departments managing transaction processing, leading to duplicative functions across campus Four major central finance units (Treasury, Purchasing, Controller, Budget) report separately to the Senior Vice President for Business and Finance Although most units have dedicated fiscal officers and accountants, the majority of transactional finance effort is being performed at the department level by various administrative staff Decentralized finance staff report up through their college/unit, with limited collaboration with or accountability to central Finance, impacting expectations around service delivery, policy compliance, and professional development Colleges and departments often set their own local policies and procedures, and best practices are not consistently shared across units 	<p>Structure</p> <ul style="list-style-type: none"> Develop finance shared services to house transactional finance processing to reduce duplication and inconsistency at department level (e.g., travel and expense reimbursements, accounts payable) and free up Central staff time to focus on strategic finance activities Strengthen reporting relationships between central finance office and college-level finance resources to ensure groups are collaborating, sharing best practices, and are accountable to one another (e.g., dotted line reporting to finance) Define lines of authority, with roles and responsibilities communicated to key stakeholders Develop staff responsible for finance services through training, as required 	<p>Structure</p> <ul style="list-style-type: none"> Resource allocation analysis is required to confirm current state effort and inscope processes In scope processes for shared services need to be confirmed and redesigned Funding model for shared services needs to be determined prior to implementation – Resource Management Model may impact funding approach The physical location of staff in some cases may not change, even though their reporting lines and organizational structures may be revised Need to ensure requirements for Finance shared services are coordinated across the disparate finance areas in scope, as well as with the College/Units

ISU Future State Considerations (cont.)

Current State	Future State	Implementation Considerations
<p>Financial & Performance Management</p> <ul style="list-style-type: none">▪ Lack of Service Level Agreements (SLAs) being tracked, leading to confusion over roles and turnaround expectations▪ Tracking of Key Performance Indicators (KPIs) is ad hoc; metrics are often not used to measure performance	<p>Financial & Performance Management</p> <ul style="list-style-type: none">▪ Develop SLAs between Central Finance, shared services, and units/departments so that roles and expectations are clear▪ Track KPIs and communicate results consistently so performance can be measured and improved	<p>Financial & Performance Management</p> <ul style="list-style-type: none">▪ Need to determine who will own development of SLAs▪ Need to ensure availability of accurate data to track KPIs

ISU Future State Finance Functions

The structure outlined below represent changes that could occur in order to support the development of shared services.



Proposed Changes

- 1 Develop shared services to perform transactional Finance processes. Shared services could include: Customer support, travel and expense, transactional purchasing, accounts payable, and accounting services.¹ Location of shared services staff will need to be determined during implementation, which includes detailed design
- 2 Consider rolling in transactional components of Payroll and Accounts Payable into shared services if a centralized service center is established²
- 3 Central Finance to play greater role in setting and enforcing policies. ISU could potentially use fiscal accountability committee as initial committee to help design shared services at ISU
- 4 Consider developing dotted line reporting of fiscal officers into Business & Finance to enable collaboration, and allow for university finance strategy and best practices to be supported at the local level

Other Considerations

- Organization model to be confirmed during implementation
- More detailed transaction and resource allocation analysis required before staff and role count can be confirmed
- Actual titles and job descriptions for any new positions to be developed with HR during implementation
- Resource Management Model may impact how shared services is funded
- Reporting lines and location of shared services will need to be confirmed during detailed design
- Impacts to Central Finance units will need to be evaluated during design

Operating Model Considerations

¹Shared Services appears to be a viable solution for the processes listed above. During implementation planning the in scope processes would need to be confirmed and validated. Shared Services could occur in a multi-functional environment (i.e. HR, IT). This would impact reporting relationships. Additional analysis during implementation planning will help determine the location of Shared Services staff.

²Need to determine who is responsible for Payroll related inquiries in Shared Service (e.g., HR or Finance). Clear roles, requirements, and procedures will need to be outlined during design

ISU Business Case Overview: FN-01

Business Case ID	Description
FN-01 Revise distributed Finance delivery model	Streamline and standardize how finance transactional activities are delivered (e.g., creation of travel and expense reports, purchase requisitions). Explore opportunity for Finance Shared Services.

Current State Challenges:

- Decentralized model makes it difficult to train administrative staff on policies and procedures, resulting in rework, slower turnaround times, and compliance issues
- Decentralized finance staff report up through their college/unit, with limited accountability to central Finance, impacting expectations for service delivery, policy compliance, and professional development
- Unclear roles and responsibilities and lack of Service Level Agreement creates confusion between departments and Central Finance
- The skillset of staff performing finance functions varies widely – job requirements not standardized across the institution and training is not required
- Financial management at the department level is often left to administrative staff who may not have the training and skills required to perform complex financial functions

ISU Business Case Overview: FN-01

Future State Solution

Opportunity exists for Finance Shared Services at ISU to reduce duplication and improve service delivery of finance services across campus. The cost-savings summary outlined below represents a more coordinated University-wide model where services could be provided based on process and transaction volumes. Recognizing that this would be a dramatic shift from ISU's decentralized structure, we have also modeled a College-based model, which may be the first step in ISU's transition to a more efficient finance operation

Initial services that appear to be appropriate candidates for Shared Services include processes such as: travel and expense, accounting, transactional procurement, and accounts payable. The implementation phase would help to provide the final list of processes to be supported by shared services. Additional changes in the future state solution include:

- Establishing Service Level Agreements (SLAs) between the Shared Services and departments to clarify service delivery expectations (e.g., types of transactions processed, turn-around-times)
- Strengthening reporting relationships between central finance office and college-level finance resources could enable more accountability to university policies
- Developing more robust training programs would enable staff to be adequately trained and engaged in professional development
- Aligning skills with roles and responsibilities to adequately equip staff to perform job functions

Cost-Savings Summary (\$000s)



Expected Qualitative Benefits

- Reduced administrative effort at the department level by reducing or removing certain transactional activities, freeing up staff time for strategic activities
- Reduced transaction processing time and error rates through standardizing processes and roles
- Defined process for continuous performance improvement through development and monitoring metrics and expected levels of service
- Improved service delivery experience for departments and colleges
- Increased compliance with policies by having staff trained on specific transactions
- Greater career advancement for staff

Proposed Performance Measures

- Cycle times (e.g., Request to Pay cycle time, Expense Reimbursement time to pay)
- Accuracy/error rates (e.g., purchasing, AP, travel)
- Customer service feedback and metrics (e.g., percentage of issues resolved at first contact)
- Percentage of transactions that are automated vs. paper-based (e.g., vendor invoices)
- Transaction volume processed in Shared Services

Time to Implement

- Short: 0-6 Months
- Medium: 6-18 Months
- Long: 18 Months or Longer

Short

Medium

Long

ISU Business Case Summary: FN-01

Timeline												
Key Activity	Q1	Q2	Q3	Q4	Q5	Q6	Q7	Q8	Q9	Q10	Q11	Q12
Design												
Build & Test												
Implement												
Optimize												
Opportunity Scope												
Within Business Case <ul style="list-style-type: none">Estimate of time spent performing Finance functions in local departments (includes budget/fiscal officers, accountants, secretaries, business managers, program assistants, clerks and administrative assistants and managers)Finance-related organization structures, reporting lines, activities performed, and systemsEstimates for the adoption of key technology systemsActivities reviewed included Finance Customer Service, Travel & Expense, Accounts Payable, Procurement, and Accounting						Outside of Business Case <ul style="list-style-type: none">Research AdministrationDetailed requirements for technology/tool implementationDetailed resource allocation (survey of how an individual reports spending their time on certain business processes)Analysis of staff time spent in Central Finance – would need to be assessed during detailed designDetermination of where shared services staff would be physically located						
Assumptions						Dependencies including Technology						
<ul style="list-style-type: none">High level estimates were used to determine percent of time administrative support staff and decentralized finance staff spend on finance related activities. Estimates were based on interviews, job descriptions and knowledge of similarly sized organizationsModel assumes that any changes to future state staffing required would be obtained in the first two years by natural attrition rates, and potentially by phased retirement						<ul style="list-style-type: none">Process redesign and alignment of roles and responsibilities would be required to gain efficienciesReview of Central Finance organization would be needed to determine impact and potential for additional savingsResource availability in HR to assist with workforce planning would need to be considered during designCustomer Relationship Management (CRM) system could be needed to gain efficiencies						
Activity Details												
<ul style="list-style-type: none">Design: Conduct detailed design. Perform resource allocation analysis. Determine funding approach and physical location for Shared Services. Finalize team structure and agree on SLAs and KPIsBuild & Test: Create detailed process maps and user documentation, finalize relationship between shared services and the rest of the organization, and relocate and re-train personnel as neededImplement: Execute migration strategy; provide post-live supportOptimize: Establish continuous process improvement policies, update SLAs, and staffing models												
Potential Issues/Risks												
<ul style="list-style-type: none">Need to address stakeholder concerns around changes to local service delivery—change management strategy and communication plan would be neededMoving transactional activities to a shared service would impact workload of staff remaining in departments—need to help departments revise workloads under new modelFunding implications of Resource Management Model (RMM) would need to be considered during designHR readiness to support organizational change would need to be considered												
Next Steps												
<ul style="list-style-type: none">Vet opportunity with ISU leadership and key stakeholdersConduct resource allocation analysis to confirm current state baseline of finance effortAnalyze results of resource allocation analysis and determine process redesign needsConfirm technology requirements and technology roadmap												

ISU Finance Option #1: College-Based Model

The option modeled below outlines the potential costs and benefits related to the college-based model. Assumptions outlined below would need to be confirmed during detailed design when a full resource allocation analysis and process assessment can be complete.

All figures in \$000s		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Total	Assumptions	
ISU College-Based Model	Implementation Costs													
	Technology Costs	-	-	-	-	-	-	-	-	-	-	-	-	No costs associated with attrition since all changes occur through natural attrition in Years 1 & 2. Includes optional initial estimate of professional fees to assist with resource allocation analysis and high level process redesign and best practice development.
	Attrition Costs	-	-	-	-	-	-	-	-	-	-	-	-	
	Vendor Costs	770	-	-	-	-	-	-	-	-	-	-	770	
	Space	-	-	-	-	-	-	-	-	-	-	-	-	Includes internal training budget to train campus on policy and process changes.
	Training Costs	25	25	-	-	-	-	-	-	-	-	-	50	
	Total Implementation	795	25	-	-	-	-	-	-	-	-	-	820	
	Costs Reduction / Savings												Savings assumes decrease in future state staffing of 23 FTEs, 9% of the baseline decentralized finance staff effort of 239 FTEs. Savings can be realized through natural attrition in Years 1 & 2. ISU historical attrition rate is 7%. Efficiencies to be gained through clearer policies and procedures, as well as certain transactions being performed by experts at the college level in key process areas, enabling greater economies of scale. Assumes no new staff are hired; existing staff will be retrained and reallocated to college-based shared services.	
	Net future state staffing	856	856	1,711	1,711	1,711	1,711	1,711	1,711	1,711	1,711	1,711		15,400
	Impact													
	Annual benefit	61	831	1,711	1,711	1,711	1,711	1,711	1,711	1,711	1,711	1,711	14,580	
	Cumulative benefit	61	892	2,603	4,314	6,025	7,736	9,447	11,158	12,869	14,580			
	Payback Period (in months)	11												

Note: All estimates are preliminary and subject to change after further validation. Internal staff resource time and effort (as well as associated labor cost) to support implementation were not estimated during Phase 2. Internal staff resource requirements will vary based on implementation model chosen and will need to be considered prior to design and implementation. Assumes approach for managing staffing changes will be determined by the Board and the Universities during design.

ISU Finance Option #2: University-Wide Shared Services

The business case outlined below represents potential costs and savings related to implementing a University-wide Shared Services model for Finance. In a University-wide model, staff would report up to a Central Organization, but may still reside in the colleges and units. Assumptions outlined below would need to be confirmed during detailed design when a full resource allocation analysis and process assessment can be complete.

All figures in \$000s		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Total	Assumptions
ISU University- Wide Shared Services	Implementation Costs												
	Technology Costs	-	1,735	150	150	150	150	150	150	150	150	2,935	Optional technology cost estimates include estimates for a Customer Relationship Management (CRM) system, as well as one-time technology costs for shared services employees. There is the potential to save on CRM procurement costs if tool is shared with HR (Refer to HR-01). Costs are high level estimates based on knowledge of off-the-shelf solutions and/or internal programming effort for minor technology modifications; it does not take into account detailed business requirements needed for each technology enabler.
	Attrition Costs	-	468	755	468	468	468	-	-	-	-	2,627	Attrition costs assume natural attrition of 7% in Year 1 and 2, with no associated attrition costs. Year 2 assumes additional phased retirement program for eligible staff.
	Vendor Costs	2,100	1,400	-	-	-	-	-	-	-	-	3,500	Includes high level estimate of professional fees to assist with shared services design and implementation.
	Space	-	338	338	-	-	-	-	-	-	-	676	Space build out at \$15K per FTE. Assumes existing space would be used to house shared service staff
	Training Costs	-	113	113	-	-	-	-	-	-	-	226	Includes one-time training budget for shared services staff. Assumes most trainings would be developed in-house.
	Total Implementation	2,100	4,054	1,356	618	618	618	150	150	150	150	9,964	
	Costs Reduction / Savings												
	Net future state staffing ¹	1,292	331	1,135	2,935	2,935	2,935	2,935	2,935	2,935	2,935	23,303	The savings estimated reflect the net reduction to future state staffing of 50 FTEs (decrease of 95 FTEs, with 45 new FTE positions added in shared services). Rate of change assumes natural attrition for two years at 7%. Assumes all staff are rehired at a higher average salary rate to reflect increased responsibility. Assume that at least 50% of new positions would be filled by existing staff members.
	Impact												
	Annual benefit	(808)	(3,723)	(221)	2,317	2,317	2,317	2,785	2,785	2,785	2,785	13,339	
	Cumulative benefit	(808)	(4,531)	(4,752)	(2,435)	(118)	2,199	4,984	7,769	10,554	13,339		
Payback Period (in months)	61												

Note: All estimates are preliminary and subject to change after further validation. Internal staff resource time and effort (as well as associated labor cost) to support implementation were not estimated during Phase 2. Internal staff resource requirements will vary based on implementation model chosen and will need to be considered prior to design and implementation.

¹ Represents savings related to net future state staffing (e.g., potential new staff added in shared services are accounted as an offset in the ongoing savings line, not as a cost in incremental implementation costs) Assumes approach for managing staffing changes will be determined by the Board and the Universities during design.

SUI Finance Operating Model and Business Cases

SUI: Finance Operating Model Key Changes

Potential future state changes to the finance operating model will align skills with roles and responsibilities and will balance compliance and efficiency, allowing for a more strategic and nimble finance operation.

- Build upon reorganizational work that has already begun in some colleges and units (e.g., Liberal Arts, Dentistry, Internal Medicine) by providing centralized support to assist with workforce planning and best practice development
- Develop shared services for certain key transactional activities (e.g., travel and expense reimbursement, procurement, account payable, accounting) in order to reduce redundancies across campus and improve service delivery
- Revise processes and roles and responsibilities to realize efficiencies across the university by reducing handoffs and evaluating policies around audit requirements (e.g., travel and expense, purchasing)
- Align skills with roles and responsibilities to enable staff supporting finance transactions to be further equipped to perform job functions
- Establish service level agreements between the shared services, Central Finance, and departments/units to clarify service delivery expectations
- Evaluate audit policies to take into account best practices and reduce the volume of duplicate reviews (e.g., expense receipt verification, audit requirements)
- Revise governance structure to clarify decision making authority – Central Finance to play a greater role in setting best practices, and Shared Services to monitor and report performance on Service Level Agreement (SLA) metrics

SUI Future State Considerations

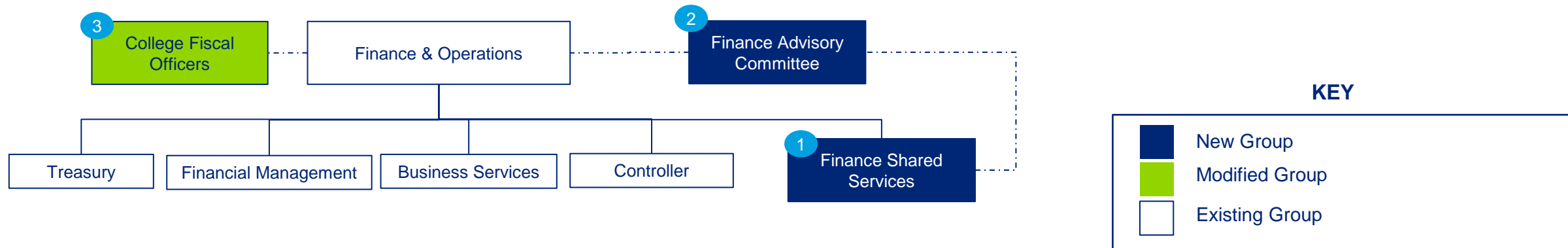
Current State	Future State	Implementation Considerations
Governance <ul style="list-style-type: none"> Central Finance sets policies, departments are responsible for executing procedures in compliance with university policies Unclear roles and responsibilities and lack of SLAs creates role confusion between central units and departmental staff 	Governance <ul style="list-style-type: none"> Develop governance structure to clarify roles, responsibilities and decision making Central Finance to play greater role in establishing and disseminating best practices 	Governance <ul style="list-style-type: none"> Prioritization of activities both within and across colleges/Central to align strategic objectives and allocation of resources
People, Process & Technology <ul style="list-style-type: none"> The University of Iowa has made a significant investment in technology in order to automate key processes (e.g., travel and expense, vendor self-service) Decentralized nature of finance support makes it difficult to adequately train staff in new technology and policies (e.g., PCard reconciliation, travel, receiving) Certain Colleges and Units have started to rethink how finance support should be structured at the local level, consolidating effort to certain “experts” to serve the college or a group of departments (e.g., procurement, accountants) Colleges spending time developing their own best practices and reporting capabilities– limited formal approach to share ideas or support effort across units Increased upfront audit requirements due to multiple internal and external audit recommendations has created multiple reviews in the department, College, and in Central Finance 	People, Process & Technology <ul style="list-style-type: none"> Develop trained, dedicated staff in certain key transactional areas to reduce redundancies and improve service delivery Align skills with roles and responsibilities to adequately equip staff to perform job functions Coordinate shared services/reorganization efforts across the university in order to maximize efficiencies and use of best practices Evaluate audit policies to take into account best practices and reduce the volume of duplicate reviews (e.g., expense receipt verification, audit requirements) 	People, Process & Technology <ul style="list-style-type: none"> Process redesign will be required in key areas Revised job descriptions will need to be developed in conjunction with HR Broader leadership input on institutional risk tolerance and approach to reviewing internal and external audit recommendations will need to be defined

SUI Future State Considerations (cont.)

Current State	Future State	Implementation Considerations
Structure <ul style="list-style-type: none"> Four major central finance units report up through the Vice President for Finance and Operations; Controller, Business Services, Financial Management/Budget, and Treasury Finance effort is decentralized, with Central Finance providing core support and departments managing transaction processing, leading to duplicative functions across campus Finance staff often report to faculty or department chairs, rather than central finance, which can impact expectations around service delivery, policy compliance, and professional development Departmental restructuring has not been coordinated across units – creating variations in approach and efficiency 	Structure <ul style="list-style-type: none"> Coordinate restructuring of finance work across campus to increase efficiency and standardization where possible Realign reporting lines so finance staff are trained on university-standards Define lines of authority with roles and responsibilities communicated to key stakeholders Develop staff responsible for finance services through training, as required 	Structure <ul style="list-style-type: none"> Resource allocation analysis is required to confirm current state effort and inscope processes Inscope processes need to be confirmed and redesigned Funding model for any shared services initiative needs to be determined prior to implementation The physical location of staff in some cases may not change, even though their reporting lines and organizational structures may be revised
Financial & Performance Management <ul style="list-style-type: none"> Lack of Service Level Agreements (SLAs) being tracked, leading to confusion over roles and turnaround expectations Tracking of Key Performance Indicators (KPIs) is ad hoc; metrics are often not used to measure performance 	Financial & Performance Management <ul style="list-style-type: none"> Develop SLAs between Central Finance, shared service, and units/departments so that roles and expectations are clear Track KPIs consistently so performance can be measured and improved 	Financial & Performance Management <ul style="list-style-type: none"> Need to determine who will lead development of SLAs Need to determine availability of accurate data to track KPIs

SUI Future State Finance Functions

The structure outlined below represents changes that could occur in order to support the development of shared services.



Proposed Changes

- 1 Coordinate reorganizational and process improvement efforts across campus by creating a Shared Services organization to streamline how processes are executed at the local level and minimize effort. Reporting of Shared Services would need to be confirmed during design. Processes that could be candidates for Shared Services include areas such as: Customer support, travel and expense, transactional purchasing, accounts payable, and accounting services.¹ Location, reporting, and in scope services of Shared Services staff will need to be determined during detailed design.
- 2 Leverage existing Finance Committee structures to develop a Finance Advisory Committee. The Committee could serve as the initial governing body for evaluating shared services design. Finance Advisory committee could include Academic and Administrative Leadership who can provide input on design, change management, and approach. As Finance Advisory Committee evolves, it can become a mechanism for Central Finance to collaborate on new policies, procedures, and technology with University stakeholders.
- 3 Consider strengthening reporting of fiscal officers into Business & Finance to support implementation of university finance strategy

Other Considerations

- University of Iowa staff feel invested in the incremental models they have been developing in the units – there may be significant change management needed if a more centralized model is developed
- Organization model to be confirmed during implementation
- More detailed transaction and resource allocation analysis required before roles can be confirmed
- Actual titles and job descriptions for any new positions to be developed with HR during implementation
- Reporting lines and location of shared services will need to be confirmed during detailed design
- Impacts to Central Finance units will need to be evaluated during design

Operating Model Considerations

¹Shared Services appears to be a viable solution for the processes listed above. During implementation planning the in scope processes would need to be confirmed and validated. Additional analysis during implementation planning will help determine the location of Shared Services staff.

SUI Business Case Overview: FN-01

Business Case ID	Description
FN-01 Revise distributed Finance delivery model	<p>Streamline and standardize how finance transactional activities are delivered (e.g., creation of travel and expense reports, purchase requisitions). Explore opportunity for Finance Shared Services.</p> <p>This business case did not evaluate finance work being performed in the University of Iowa Hospitals and Clinics (UIHC).¹</p>

Current State Challenges:

- Decentralized model makes it hard to train administrative staff on policies and procedures and new technology, sometimes resulting in rework and slower turnaround times
- Colleges spending time developing their own best practices and reporting capabilities– limited mechanisms to share ideas or consolidate effort across units
- Decentralized finance staff report up through their college/unit, with limited accountability to central Finance, impacting expectations relating to service delivery, policy compliance, and professional development
- Increased upfront audit requirements due to multiple internal and external audit recommendations has created multiple reviews in the department, College, and in Central Finance
- Unclear roles and responsibilities and lack of Service Level Agreement creates confusion between departments and Central Finance

¹ The business case does evaluate administrative finance staff in the Carver College of Medicine. Due to the fact that College of Medicine staff often support UIHC as well, potential changes to Carver College of Medicine will need to be further assessed during implementation. Due to the complexity of the integration, College of Medicine could be evaluated last, after the approach has been proven in other areas of the organization.

SUI Business Case Overview: FN-01

Future State Solution																																																																												
<p>Finance shared services appears to be an opportunity at the University of Iowa. Colleges have already begun rethinking how to structure finance transactional work in their departments. Key stakeholders at SUI are committed to the incremental and decentralized reorganization efforts that have taken place to date. In the future state solution, any reorganizational initiatives should be coordinated across campus in order to disseminate best practices and reduce rework.</p> <p>The cost-savings summary outlined below represents the University-wide model, where services could be provided based on process and transaction volumes. Recognizing that this would be a dramatic shift from SUI's decentralized structure, we have also modeled a College-based model, which may be the next step in SUI's transition to a more efficient finance operation. Initial services that appear to be appropriate candidates for Shared Services include processes such as: travel and expense, accounting, transactional procurement, accounts payable. The implementation phase would help to provide the final list of processes to be supported by shared services. Additional changes in the future state solution include:</p> <ul style="list-style-type: none">▪ Developing a mechanism to disseminate best practices across campus▪ Revising policies to reflect best practices for auditing transactions would reduce the amount of reviews occurring across the university (e.g., audit thresholds)▪ Establishing Service Level Agreements (SLAs) between the shared services and departments to clarify service delivery expectations (e.g., types of transactions processed, turn-around-times)																																																																												
Expected Qualitative Benefits																																																																												
<ul style="list-style-type: none">▪ Reduced administrative effort at the department level by reducing or removing certain transactional activities, freeing up staff time for strategic activities▪ Reduced transaction processing time and error rates through standardizing processes and roles, and clarifying policies and best practices▪ Consistent process for continuous performance improvement through development and monitoring of metrics and expected levels of service▪ Greater career advancement for staff▪ Greater collaboration on best practice development, minimizing effort around developing workaround solutions																																																																												
Proposed Performance Measures																																																																												
<p>SUI currently tracks many metrics to monitor performance. SUI Shared Services could consider managing metrics and communicating performance to campus, such as:</p> <ul style="list-style-type: none">▪ Cycle times (e.g., Inquiry turnaround time, Expense Reimbursement time to pay, Request-to-PO processing time in days)▪ Expense claims accuracy/error rates▪ Customer service feedback and metrics (e.g., number of issues resolved at first contact)▪ Transaction volume processed in Shared Services																																																																												
Time to Implement																																																																												
<ul style="list-style-type: none">▪ Short: 0-6 Months▪ Medium: 6-18 Months▪ Long: 18 Months or Longer																																																																												
<div><div>Short</div><div>Medium</div><div>Long</div></div>																																																																												
Cost-Savings Summary (\$000s)																																																																												
<table><thead><tr><th></th><th>Year 1</th><th>Year 2</th><th>Year 3</th><th>Year 4</th><th>Year 5</th><th>Year 6</th><th>Year 7</th><th>Year 8</th><th>Year 9</th><th>Year 10</th></tr></thead><tbody><tr><td>One-time Implementation Costs</td><td>2,680</td><td>4,221</td><td>1,046</td><td>621</td><td>621</td><td>621</td><td>-</td><td>-</td><td>-</td><td>-</td></tr><tr><td>Incremental Implementation Costs</td><td>-</td><td>-</td><td>100</td><td>100</td><td>100</td><td>100</td><td>100</td><td>100</td><td>100</td><td>100</td></tr><tr><td>Ongoing Savings/Cost Reductions¹</td><td>2,091</td><td>2,330</td><td>1,818</td><td>3,937</td><td>3,937</td><td>3,937</td><td>3,937</td><td>3,937</td><td>3,937</td><td>3,937</td></tr><tr><td>TOTAL Benefits</td><td>(589)</td><td>(1,891)</td><td>672</td><td>3,216</td><td>3,216</td><td>3,216</td><td>3,837</td><td>3,837</td><td>3,837</td><td>3,837</td></tr><tr><td>Cumulative Benefits</td><td>(589)</td><td>(2,480)</td><td>(1,808)</td><td>1,408</td><td>4,624</td><td>7,840</td><td>11,677</td><td>15,514</td><td>19,351</td><td>23,188</td></tr></tbody></table>												Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	One-time Implementation Costs	2,680	4,221	1,046	621	621	621	-	-	-	-	Incremental Implementation Costs	-	-	100	100	100	100	100	100	100	100	Ongoing Savings/Cost Reductions ¹	2,091	2,330	1,818	3,937	3,937	3,937	3,937	3,937	3,937	3,937	TOTAL Benefits	(589)	(1,891)	672	3,216	3,216	3,216	3,837	3,837	3,837	3,837	Cumulative Benefits	(589)	(2,480)	(1,808)	1,408	4,624	7,840	11,677	15,514	19,351	23,188
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SUI Business Case Summary: FN-01

Timeline												
Key Activity	Q1	Q2	Q3	Q4	Q5	Q6	Q7	Q8	Q9	Q10	Q11	Q12
Design												
Build & Test												
Implement												
Optimize												

Opportunity Scope	
Within Business Case <ul style="list-style-type: none">Estimate of time spent performing Finance functions in local departments (includes budget/fiscal officers, accountants, analysts, secretaries, clerks, and administrative assistants and managers)Finance-related organization structures, reporting lines, activities performed, and systemsEstimates for the adoption of key technology systemsActivities reviewed included Finance Customer Service, Travel & Expense, Accounts Payable, Procurement, and Accounting	Outside of Business Case <ul style="list-style-type: none">Research AdministrationDetailed requirements for technology/tool implementationDetailed resource allocation (survey of how an individual reports spending their time on certain business processes)Analysis of staff time spent in Central Finance – would need to be assessed during detailed designFinance effort/costs related to University of Iowa Hospital and Clinics (UIHC)¹Determination of where shared services staff would be physically located
Assumptions <ul style="list-style-type: none">High level estimates were used to determine percent of time administrative support staff and decentralized finance staff spend on finance related activities. Estimates were based on interviews, job descriptions and knowledge of similarly sized organizations.Model assumes that any changes to future state staffing would be obtained in the first two years by natural attrition rates, and potentially by phased retirement.	Dependencies including Technology <ul style="list-style-type: none">Process redesign and alignment of roles and responsibilities would be required to gain efficienciesReview of Central Finance organization would be needed to determine impact and potential for additional savingsDetailed assessment of unit restructuring completed to date would be requiredCustomer Relationship Management (CRM) system would be needed to gain efficiencies

Activity Details
<ul style="list-style-type: none">Design: Conduct detailed design. Perform resource allocation analysis. Determine funding approach and physical location for Shared Services. Finalize organization structure and agree on SLAs and KPIsBuild & Test: Create detailed process maps and user documentation, finalize relationship between Shared Services and the rest of the organization, and relocate and re-train personnel as neededImplement: Execute migration strategy; provide post-live supportOptimize: Establish continuous process improvement policies, update SLAs, and staffing models
Potential Issues/Risks
<ul style="list-style-type: none">Iowa staff feel committed to the incremental models they have been developing in the units (e.g., Liberal Arts, Internal Medicine) – there may be significant change management concerns if a centralized model is pursuedIf the current incremental model is pursued, a mechanism to track savings, efficiencies, and best practices across units would need to be developedMoving transactional activities to shared services would impact staff in departments – would need to ensure skillsets are aligned under the new model
Next Steps
<ul style="list-style-type: none">Vet opportunity with SUI leadership and key stakeholders and determine preferred approachConduct resource allocation analysis to confirm current state baseline of finance effortAnalyze results of resource allocation analysis and determine process redesign needs

58 ¹Administrative staff that report up through the Carver College of Medicine were included in the baseline assessment. Due to the fact that College of Medicine staff often support UIHC as well, potential changes to Carver College of Medicine will need to be further assessed during design. Due to the complexity of the integration, College of Medicine could be evaluated last, after the approach has been proven in other areas of the organization.

SUI Finance Option #1: College-Based Model

The option modeled below outlines the potential costs and benefits related to the college-based model. This model also assumes that roles are streamlined, and audit requirements are lessened on the front end.

All figures in \$000s		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Total	Assumptions
SUI College-Based Model	Implementation Costs												
	Technology Costs	-	-	-	-	-	-	-	-	-	-	-	No costs associated with attrition since all changes occur through natural attrition in Years 1 & 2. According to SUI HR data, the average attrition rate for Merit and P&S staff is 9%.
	Attrition Costs	-	-	-	-	-	-	-	-	-	-	-	
	Vendor Costs	900	-	-	-	-	-	-	-	-	-	900	
	Space	-	-	-	-	-	-	-	-	-	-	-	Includes optional high level estimate of professional fees to assist with organizational design/ratio analysis. Also assumes SUI HR Organizational Effectiveness group would play a significant role in assisting with the analysis.
	Training Costs	50	50	-	-	-	-	-	-	-	-	100	
	Total Implementation	950	50	-	-	-	-	-	-	-	-	1,000	Includes training budget for reallocated resources. Assumes Finance organization would take lead on developing best practices and training materials
	Costs Reduction / Savings												
	Net future state staffing	911	1,822	1,822	1,822	1,822	1,822	1,822	1,822	1,822	1,822	17,309	Assumes potential change of future state staffing is 24 FTEs (8% of decentralized finance effort baseline 317 FTEs). Rate of change assumes natural attrition for two years. Efficiencies to be gained through clearer policies and procedures, as well as certain transactions being performed by experts at the college level in key process areas, enabling greater economies of scale. Assumes no new staff are hired; existing staff will be retrained and reallocated to college-based shared services.
	Impact												
Annual benefit		(39)	1,772	1,822	1,822	1,822	1,822	1,822	1,822	1,822	1,822	16,309	
Cumulative benefit		(39)	1,733	3,555	5,377	7,199	9,021	10,843	12,665	14,487	16,309		
Payback Period (in months)		12											

SUI Finance Option #2: University-Wide Shared Services

The option modeled below outlines the potential costs and benefits related to a University-wide, consolidated Shared Services model. Steady state savings in this model are \$3.8M annually.

All figures in \$000s		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Total	Assumptions
SUI Shared Services	Implementation Costs												
	Technology Costs	400	1,315	138	100	100	100	100	100	100	100	2,553	The cost estimate includes the procurement and implementation of a Constituent Relationship Management (CRM) system. It also includes one-time technology costs for Shared Services employees (e.g., computers). CRM costs are high level estimates based on knowledge of off-the-shelf solutions; it does not take into account detailed business requirements or Iowa IT staff effort. CRM estimates include external implementation resource costs
	Attrition Costs	-	621	753	621	621	621	-	-	-	-	3,237	Attrition assume natural attrition of 9% in Year 1 and 2, with no associated attrition costs. Year 2 assumes additional phased retirement program for eligible staff.
	Vendor Costs	2,280	1,520	-	-	-	-	-	-	-	-	3,800	Includes high level estimate of professional fees to assist with Shared Service design and implementation. Estimates are high level and would be affected by level of support SUI can provide
	Space	-	574	191	-	-	-	-	-	-	-	765	Space build out at \$15K per new FTE. Assumes existing space would be used to house new shared service staff. Space costs would depend on where staff end up being located
	Training Costs	-	191	64	-	-	-	-	-	-	-	255	Includes upfront training budget for Shared Services staff. Training budget estimates to be \$5K per new FTE
	Total Implementation	2,680	4,221	1,146	721	721	721	100	100	100	100	10,610	
	Costs Reduction / Savings												
	Net future state staffing ¹	2,091	2,330	1,818	3,937	3,937	3,937	3,937	3,937	3,937	3,937	33,798	The savings estimated reflect a net decrease of 61 FTEs (gross decrease of 112 FTEs, with 51 new FTE positions added to Shared Services). Assumes all staff are rehired at a higher average salary rate to reflect revised responsibilities and expectations. Assumes 50% of shared service positions can be filled by existing staff. Rate of change assumes natural attrition for two years at 9%, with phased retirement being offered in Year 2
	Impact												
Annual benefit		(589)	(1,891)	672	3,216	3,216	3,216	3,837	3,837	3,837	3,837	23,188	
Cumulative benefit		(589)	(2,480)	(1,808)	1,408	4,624	7,840	11,677	15,514	19,351	23,188		
Payback Period (in months)		43											

Note: All estimates are preliminary and subject to change after further validation. Internal staff resource time and effort (as well as associated labor cost) to support implementation were not estimated during Phase 2. Internal staff resource requirements will vary based on implementation model chosen and will need to be considered prior to design and implementation.

¹ Represents savings related to net future state staffing (e.g., potential new staff added in shared services are accounted as an offset in the ongoing savings line, not as a cost in incremental implementation costs). Assumes approach for managing staffing changes will be determined by the Board and the Universities during design.

Human Resources

UNI HR Operating Model and Business Case

UNI HR Operating Model Key Changes

While the centralized human resources (HR) model at UNI is lean, it is focused mostly on transactional activities. By increasing the use of technology to automate processes, clarifying roles, and adding HR Business Partners, UNI could increase the strategic services it provides to the university. Strategic services would help to support talent acquisition through more focused recruitment strategies, increase retention through workforce planning and training, and mitigate risk through strong employee and labor relations. Key suggested changes to UNI's HR operating model are outlined below.

- Consider establishing HR Business Partner position that reports through HR and acts as a bridge between the colleges/administrative units and HR. Business Partners would support strategic HR activities as well as aid in more unit-specific transactions. They would act as key contacts for HR inquiries, facilitate the recruitment of staff, establish recruitment strategies, catalyze workforce planning, facilitate policy, procedure, and technology rollouts from Central HR, and identify business needs for policy and program changes
- Utilize technology to minimize manual processing and data entry across campus and increase access to information (e.g., integrate Jobs@UNI and Oracle systems, build system for electronic position descriptions, expand imaging use)
- Redesign key HR processes by streamlining handoffs and clarifying roles (e.g., personnel action form initiation, student I-9 management) and clarifying/enforcing HR policies (e.g., establish timecard requirements, create guidelines for professional and scientific search committee reviews as referenced in HR-10)
- Revise governance structure to increase clarity of roles, responsibilities, and decision making (i.e., Central HR should play a greater role in setting and monitoring processes and policies in areas such as performance management, and recruitment)
- Establish a comprehensive HR strategy, with input from faculty and staff leadership, that aligns short- and long-term HR initiatives and metrics to university strategic objectives

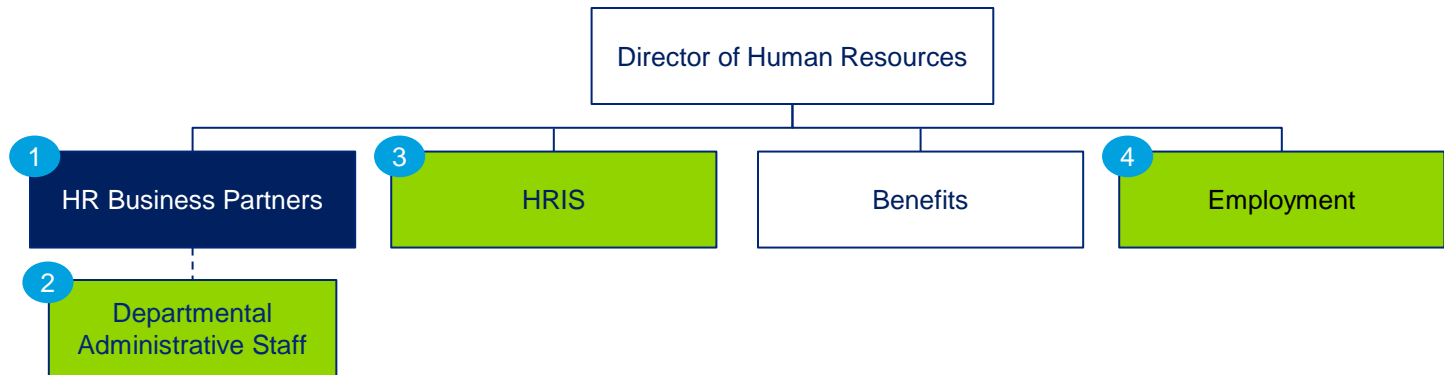
UNI Future State Considerations

Current State	Future State	Implementation Considerations
<p>Governance</p> <ul style="list-style-type: none"> ▪ Unclear roles and responsibilities create role confusion among HR, Office of Compliance & Equity Management (OCEM), and departmental administrative staff (e.g., lack of clarity for faculty recruitment responsibility) ▪ Differing opinions on the level of involvement needed by various campus constituents when revising or implementing new policies and procedures slows down decision making process (e.g., faculty involvement in recruiting) 	<p>Governance</p> <ul style="list-style-type: none"> ▪ Revise governance structure to increase clarity of roles, responsibilities, and decision making ▪ HR should play a greater role in setting and monitoring processes and procedures in areas such as performance management, timecard management, and recruitment 	<p>Governance</p> <ul style="list-style-type: none"> ▪ Prioritize activities both within and across colleges/HR to increase realization of strategic objectives and allocation of resources ▪ Engage University leadership to determine compliance/risk tolerance for HR processes, and level of input needed from campus on policy changes
<p>People, Process & Technology</p> <ul style="list-style-type: none"> ▪ HR is perceived to be customer-oriented despite being understaffed in certain key areas ▪ Transaction-driven HR has led to strategic service gaps in areas like workforce planning and training and development ▪ Duplicative and/or manual processes in certain areas such as performance appraisals and the hiring of merit employees slows down transaction processing 	<p>People, Process & Technology</p> <ul style="list-style-type: none"> ▪ Consider establishing full-time Business Partner position that acts as a bridge between Central HR and the departmental units. Business Partners would be responsible for supporting strategic activities and more unit-specific HR transactions ▪ Increase training for staff on certain HR transactional processes to reduce rework and handoffs and improve service delivery (e.g., increase Personnel Action Form initiation training to decrease back and forth between unit and Central HR) ▪ Revise policies to take into account best practices and reduce duplication of effort (e.g., establish timecard requirements, create guidelines for professional and scientific search committee sizes, perform background checks on all faculty hires) 	<p>People, Process & Technology</p> <ul style="list-style-type: none"> ▪ Develop change management strategy and communication plan to address departmental concerns related to movement of responsibilities from departments to Business Partners ▪ HR would need to support the development of new position descriptions as the roles of Central HR and administrative staff evolve and with the creation of the Business Partner position ▪ Leadership needs to provide enforcement and support of university policies (e.g., timecard submission, conducting performance appraisal)

UNI Future State Considerations

Current State	Future State	Implementation Considerations
<p>People, Process & Technology</p> <ul style="list-style-type: none"> Underinvestment in HR technology and tools has led to both the inability to support the full demand of HR services and to process inefficiencies (e.g., lack of learning management and position management systems, recruitment process handoffs) 	<p>People, Process & Technology</p> <ul style="list-style-type: none"> Utilize technology to minimize manual processing and data entry across campus and increase access to information (e.g., integrate Jobs@UNI and Oracle systems, build system for electronic position descriptions) Streamline processes to reduce cycle times, handoffs, and rework (e.g., personnel action form initiation, timecard management, I-9 management) 	<p>People, Process & Technology</p> <ul style="list-style-type: none"> Technology requirements need to be implemented in order to gain full efficiencies Prioritization of technology needs will need to be considered, given volume of transactions, cost of implementation, and IT resource availability
<p>Structure</p> <ul style="list-style-type: none"> Decentralized HR transactional support by administrative support staff makes it difficult to train staff on policies and procedures, resulting in variable service levels across departments, rework, slower turnaround times, and incorrect interpretations of HR policies Departmental staff that perform HR transactions report through colleges, resulting in variable service levels across units; no dedicated HR staff exists currently in colleges and units 	<p>Structure</p> <ul style="list-style-type: none"> Newly established Business Partners should report through HR to increase consistency in HR service delivery among colleges/administrative units Clarify lines of authority between Central HR, OCEM, Business Partners, and colleges/administrative units, with roles and responsibilities communicated to key stakeholders 	<p>Structure</p> <ul style="list-style-type: none"> Resource allocation analysis is required to confirm current state effort and inscope processes HR Business Partner may serve multiple colleges and/or departments—physical location of where Business Partners would sit would need to be considered during detailed design
<p>Financial & Performance Management</p> <ul style="list-style-type: none"> Tracking of Key Performance Indicators (KPIs) is often ad hoc due to a lack of defined targets for HR staff to work towards 	<p>Financial & Performance Management</p> <ul style="list-style-type: none"> Track KPIs consistently so performance can be measured and improved Evaluate reporting capabilities when updating systems (e.g., learning management system, Jobs@UNI) 	<p>Financial & Performance Management</p> <ul style="list-style-type: none"> Additional investment in technology would be required to enable functionality to support metrics and reporting

UNI Future State HR Functions



KEY



Proposed Changes

- 1 Consider establishing full-time HR Business Partner position that reports through HR and acts as a bridge between the colleges/administrative units and HR. Business Partners would support strategic HR activities, as well as aid in more unit-specific transactions. They would act as key contacts for HR inquiries, facilitate the recruitment of staff, establish recruitment strategies, catalyze workforce planning among colleges/units, facilitate policy, procedure, and technology rollouts from Central HR, and identify business needs for policy and program changes. The number of Business Partners would depend on coverage ratio benchmarks — average business partner benchmark given university total FTE count suggests 5 Business Partner FTEs should be added.¹ Therefore, each Business Partner would be responsible for multiple colleges and/or departments.
- 2 Reduce departmental administrative involvement in performing HR transactions that require more specialized HR knowledge by shifting responsibilities to the Business Partners, and increase training for transactions remaining with administrative support staff
- 3 Work with Business Partners to increase training for staff and faculty in using HR systems and to effectively rollout new technology and policies
- 4 Shift recruitment and performance management responsibilities that require greater specialized knowledge of colleges/administrative units to Business Partners, freeing up staff time to provide more strategic employee relations and recruitment services

Operating Model Considerations

Other Considerations

- Actual organization model to be determined during implementation
- More detailed resource allocation analysis required before staff count can be confirmed
- Actual titles and job descriptions for any new positions to be developed with HR during implementation
- Time required to implement technology changes would affect full efficiency gains

¹ Need to determine optimal number of Business Partners once roles and responsibilities are fully scoped. Deloitte's Global Benchmarking Center suggests a 3rd quartile (high cost performer) coverage ratio of 2.8 business partners per 1,000 employees.

UNI Business Case Overview: HR-01

Business Case ID	Description
HR-01 Revise distributed HR delivery model	Evaluate the potential to revise the Human Resources (HR) service delivery model and streamline transactions to improve service quality and reduce handoffs and exemptions.

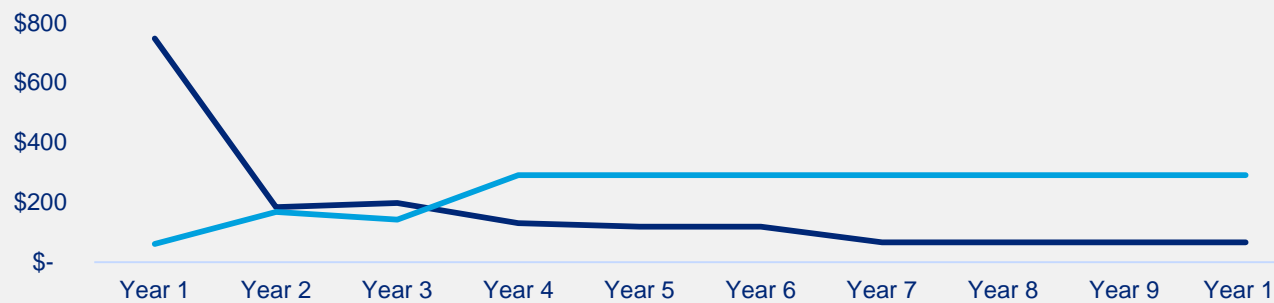
Current State Challenges:

- Focus on HR transactional services has led to strategic service gaps in areas like workforce planning and training and development
- Decentralized HR transactional support by administrative support staff makes it difficult to train staff on policies and procedures, resulting in variable service levels across departments, rework, slower turnaround times, and incorrect interpretations of HR policies
- Unclear roles and responsibilities for recruitment create role confusion between departments, HR, and the Office of Compliance and Equity Management (OCEM)
- Underinvestment in HR technology and tools has led to the inability to support the full demand of HR services and process inefficiencies (e.g., lack of learning management and position management systems, recruitment process handoffs)
- Differing opinions on the level of involvement needed by various campus constituents when revising or implementing new policies and procedures slows down decision making process

UNI Business Case Overview: HR-01

Future State Solution	
<ul style="list-style-type: none">Establish a comprehensive HR strategy, with input from faculty and staff leadership, that aligns HR initiatives and metrics to university strategic objectivesEstablish HR Business Partner position that reports through HR and acts as a bridge between the colleges/administrative units and HR. Business Partners would support strategic HR activities as well as aid in more unit-specific transactions. They would act as key contacts for HR inquiries, facilitate the recruitment of staff (e.g., review resumes, update job qualifications), establish recruitment strategies, catalyze workforce planning, facilitate policy, procedure, and technology rollouts from Central HR, and identify business needs for policy and program changes. Remaining decentralized HR transactions could continue to be performed by administrative staff (e.g., time & attendance)Redesign key HR processes by streamlining handoffs and clarifying/enforcing HR policies (e.g., establish timecard requirements, create guidelines around professional and scientific search committee reviews as referenced in HR-10)Invest in technology to support process improvements by minimizing manual processing and data entry and increasing access to data (e.g., integrate Jobs@UNI and Oracle, build system for electronic position descriptions, expand imaging use)Revise governance structure to increase clarity of roles, responsibilities, and decision making (i.e., Central HR should play a greater role in setting and monitoring processes and policies in areas such as performance management, timecard management, and recruitment)	

Expected Qualitative Benefits	
<ul style="list-style-type: none">Reduced administrative effort at the department level by reducing or removing certain HR activities, freeing up staff time for strategic initiativesReduced risk and improved service delivery due to establishment of trained HR Business PartnersStandardization of core HR policies and processes across colleges and administrative unitsMore comprehensive and integrated technology systems that reduce manual processing and duplication of effortGreater array of HR strategic services provided such as training and workforce planningClearer roles and responsibilities to minimize rework and turnaround times	

Cost-Savings Summary (\$000s)										
										
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
One-time Implementation Costs	749	151	146	65	53	53	-	-	-	-
Incremental Implementation Costs	-	33	52	66	66	66	66	66	66	66
Ongoing Savings/Cost Reductions ¹	61	168	142	291	291	291	291	291	291	291
TOTAL Benefits	(688)	(16)	(56)	160	172	172	225	225	225	225
Cumulative Benefits	(688)	(704)	(760)	(600)	(428)	(256)	(31)	194	419	644

Proposed Performance Measures	
<ul style="list-style-type: none">HR FTE per 1,000 employeesHR costs per employeeHR Business Partner FTE per 1,000 employeesEmployee satisfaction ratingsProcess metrics: time-to-fill, time-to-post, percentage of employees receiving performance reviews	

Time to Implement	
<ul style="list-style-type: none">Short: 0-6 MonthsMedium: 6-18 MonthsLong: 18 Months or Longer	
Short	Long

UNI Business Case Summary: HR-01

Timeline												
Key Activity	Q1	Q2	Q3	Q4	Q5	Q6	Q7	Q8	Q9	Q10	Q11	Q12
Define Vision												
Design												
Build & Test												
Implement												
Optimize												

- **Define Vision:** establish HR strategy with input from faculty and staff leadership that aligns HR initiatives and metrics to university strategic objectives
- **Conduct Detailed Design:** create detailed organization, service delivery, process, and technology design
- **Build and Test:** pilot the Business Partner model, configure and test the new processes, policies, and technologies
- **Implement:** complete testing and implementation of the transition strategy of the Business Partner model
- **Optimize:** update processes and staffing models as appropriate

Opportunity Scope		Potential Issues/Risks
<p>Within Business Case</p> <ul style="list-style-type: none"> ▪ Estimate of staff time spent performing HR transactions in local departments (includes secretaries, program support staff, clerks, and administrative assistants and managers) ▪ Estimates for non-salary HR spend data (e.g., technology and space costs) ▪ Activities reviewed include Customer Service Inquiries, HR Data Management, Recruitment, Time and Attendance, Payroll, Training and Performance Management, Benefits Administration, and Immigration/Visa Processing 	<p>Outside of Business Case</p> <ul style="list-style-type: none"> ▪ Analysis of HR effort being performed in Central HR – would need to be assessed during detailed design ▪ Detailed requirements for technology/tool implementation ▪ Detailed resource allocation analysis (survey of how an individual reports spending their time on certain business processes) 	<ul style="list-style-type: none"> ▪ Departmental resistance to movement of responsibilities from departments to HR – change management strategy and communication plan would be required ▪ Additional resource allocation analysis of departmental and central HR support would be required to determine movement of staff and inscope processes ▪ Clarifying the roles of HR and OCEM would require an assessment of risk tolerance and university strategic priorities

Assumptions	Dependencies including Technology	Next Steps
<ul style="list-style-type: none"> ▪ Estimates of percent of time administrative support staff spend on HR related activities by position were used to determine FTE effort spent on transactional processes. Estimates were based on interviews, job descriptions and knowledge of similarly sized organizations. ▪ Model assumes that any changes to future state staffing would be obtained in the first two years by natural attrition rates, and potentially by phased retirement. 	<ul style="list-style-type: none"> ▪ Revision of roles and responsibilities dependent on the outputs of the Finance service delivery model business case (FN-01) and the P&S search committee business case (HR-10) ▪ Enhancements to Jobs@UNI system dependent on IT resource availability ▪ Movement of staff and shifting of responsibilities dependent on services supported centrally 	<ul style="list-style-type: none"> ▪ Vet opportunity with UNI leadership and key stakeholders ▪ Conduct resource allocation analysis to confirm current state baseline of HR effort (in both central HR and out in colleges and units) ▪ Analyze results of resource allocation analysis and determine process redesign needs ▪ Evaluate key processes for redesign

UNI Human Resources Business Case: Business Partner Model

The business case modeled below outlines the potential costs and benefits related to an HR Business Partner model.

All figures in \$000s		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Total	Assumptions
UNI Business Partner Model	Implementation Costs												
	Technology Costs	90	91	93	66	66	66	66	66	66	66	736	Cost estimate includes integrating Jobs@UNI with Oracle and increasing Jobs@UNI functionality, improving the Learning Management System (assuming some level of collaboration with another regent university), building a position management system, expanding imaging use, and improving the timecard and PAF systems. It also includes a one-time technology cost of \$3K per new Business Partner hire (e.g., laptop, phone).
	Attrition Costs	-	53	65	65	53	53	-	-	-	-	289	No attrition costs assumed for natural attrition (assumes 7% annually). Assumes phased retirement offered in Year 2.
	Vendor Costs	639	-	-	-	-	-	-	-	-	-	639	Includes initial estimate of professional services fees to assist with resource allocation analysis and high level process redesign and best practice development.
	Training Costs	5	10	10	-	-	-	-	-	-	-	25	Includes upfront training budget of \$5K per Business Partner.
	Space Costs	15	30	30	-	-	-	-	-	-	-	75	Space build out at \$15K per new FTE
	Total Implementation	749	184	198	131	119	119	66	66	66	66	1,764	
	Costs Reduction / Savings												
	Net future state staffing ¹	61	168	142	291	291	291	291	291	291	291	2,408	Assumes potential gross change to future state staffing of 10.6 FTEs (includes changes of FTEs that could be retrained/repurposed in new organization). Assumes addition of 5 Business Partner FTEs over 3 years time resulting in a net change of 5 FTEs. ² Rate of change assumes natural attrition for two full years at 7% (average attrition for P&S and merit staff) and the implementation of a phased retirement program. Assumes staff rehired at a higher average salary.
	Impact												
	Annual benefit	(688)	(16)	(56)	160	172	172	225	225	225	225	644	
	Cumulative benefit	(688)	(704)	(760)	(600)	(428)	(256)	(31)	194	419	644		
Payback Period (months)	86												

¹Represents savings related to net change to future state staffing (e.g., potential new staff added are accounted as an offset in the ongoing savings line, not as a cost in incremental implementation costs)

²Determine optimal number of Business Partners based on benchmark coverage ratios. Deloitte's Global Benchmarking Center suggests a 3rd quartile coverage ratio of 2.8 business partners (high cost performer) per 1,000 employees.

Note: All estimates are preliminary and subject to change after further validation. Internal staff resource time and effort (as well as associated labor cost) to support implementation were not estimated during Phase 2. Internal staff resource requirements will vary based on implementation model chosen and will need to be considered prior to design and implementation. Assumes approach for managing staffing changes will be determined by the Board and the Universities during design.

ISU HR Operating Model and Business Case

ISU HR Operating Model Key Changes

Through investment in technology, increased staff training, and clarification of roles, responsibilities, and governance structures, the new human resources (HR) operating model could enable HR at ISU to more efficiently process transactions, and more effectively deliver strategic HR services. Strategic services would help to increase talent acquisition through stronger recruitment strategies, support retention through workforce planning and training, and mitigate risk through strong data management, and clear policies and procedures. Potential changes to ISU's HR operating model are outlined below.

- Invest in a comprehensive human resources information system (HRIS) to support core HR functions (e.g., benefits, payroll) to decrease manual processing and data entry across campus, and increase access to information
- Enhance current HR Service Center into a more comprehensive HR Shared Services Center, augmenting capability through increasing and clarifying service offerings and investing in technology (e.g., Customer Relationship Management system) and staff training to support service offerings
- Convert HR Liaison positions to full time Business Partner HR positions to allow specialization of services, and increase training to HR Business Partners and departmental administrative staff processing HR transactions
- Consider establishing full reporting line from HR Business Partners to Associate Vice President of HR to increase consistency in HR service delivery amongst colleges
- Streamline processes to reduce cycle times and handoffs (e.g., employee personnel actions, position description development) and clarify roles and responsibilities between Central HR, Shared Service Center, HR Business Partners, and departmental administrative support staff to increase efficiencies across the organization (e.g., customer service inquiry point of contact)
- Revise governance structure to clarify policy enforcement authority

ISU Future State Considerations

Current State	Future State	Implementation Considerations
Governance <ul style="list-style-type: none"> Central HR meets with HR Liaisons monthly to communicate any process or policy changes Unclear roles and responsibilities and service level expectations create role confusion between Central HR, HR Liaisons, Senior Vice President & Provost, and departmental administrative staff 	Governance <ul style="list-style-type: none"> Revise governance structure to clarify policy enforcement authority and roles and responsibilities of Central HR staff, HR Business Partners, Senior Vice President & Provost, and departmental administrative staff 	Governance <ul style="list-style-type: none"> Central HR could play a greater role in setting HR strategic priorities and ensuring HR resources are allocated accordingly
People, Process & Technology <ul style="list-style-type: none"> Dated HR systems increase time spent on HR transactions and data management due to lack of automation, accessibility, and reporting capability Consolidation of HR services has led to lack of leadership expertise in certain areas (e.g., classification and compensation) Transaction-driven HR has led to strategic service gaps in areas like workforce planning, recruiting, classification and compensation, and training and development Duplicative and/or manual processes in certain areas lead to slower turnaround times (e.g., paper absence request forms, inability to electronically populate forms, new hire paperwork) Departmental faculty and staff often prefer to rely on local department administrative staff to answer HR inquiries 	People, Process & Technology <ul style="list-style-type: none"> Invest in a comprehensive HRIS to support core HR functions to decrease manual processing and data entry, and increase access to information Develop additional functional expertise in HR to increase the array of HR services provided to campus and minimize redundancy across campus (e.g., class and compensation) Streamline processes to reduce cycle times, handoffs, and rework (e.g., Electronic Personnel Action forms) Review processes to identify points of risk and redesign processes and policies accordingly (e.g., personnel file management) 	People, Process & Technology <ul style="list-style-type: none"> Technology requirements need to be developed and implemented in order to gain full efficiencies Delay in the selection and implementation of key HR technology systems would impact implementation of revised structure and processes

ISU Future State Considerations

Current State	Future State	Implementation Considerations
<p>People, Process & Technology</p> <ul style="list-style-type: none"> HR Service Center unable to offer effective HR support for customer service inquiries, or efficient electronic personnel action processing, due to lack of formal training, technology, and ability to track service center inquiries and performance metrics Most HR Liaisons across campus are responsible for one college/administrative unit, while a few are responsible for multiple. A portion of HR Liaisons are full-time dedicated HR staff Duplicative employee paper records are often stored at the department level, creating risk exposure for sensitive personnel data 	<p>People, Process & Technology</p> <ul style="list-style-type: none"> Enhance HR Service Center capability through clarifying service offerings (e.g., Customer HR support, employee data management, report generation, search consultative support, new hire paperwork processing) and investing in technology (e.g., customer relationship management tool) and staff training Convert HR Liaison positions to full time HR Business Partner positions and revise their roles to allow for specialization of services, when required Provide standard training to HR Business Partners to increase consistency of service across campus Clearly articulate roles and responsibilities between Central HR, Shared Service Center, HR Business Partners, and departmental staff 	<p>People, Process & Technology</p> <ul style="list-style-type: none"> Consider investing in imaging technology across campus to store employee records electronically and reduce the amount of duplicative records Investment in staff, training, and technology would be needed to improve quality of HR Service Center
<p>Structure</p> <ul style="list-style-type: none"> HR effort is decentralized, with Central HR providing support and departments managing most transaction processing, making it difficult to adequately train staff in new technology, processes, and policies Departmental staff performing HR transactions (i.e., HR Liaisons and administrative staff) report through colleges, resulting in inconsistent service delivery Decentralized HR Liaison model has led to confusion over roles and responsibilities between HR, Liaisons, and the departments 	<p>Structure</p> <ul style="list-style-type: none"> Consider establishing full reporting line from HR Business Partners to VP of HR to increase consistency in HR service delivery amongst colleges Clarify lines of authority, with roles and responsibilities communicated to key stakeholders 	<p>Structure</p> <ul style="list-style-type: none"> Additional resource allocation analysis of departmental and Central HR support would be needed to determine movement of staff and in-scope processes Revised reporting lines and roles and responsibilities require support from colleges and administrative units

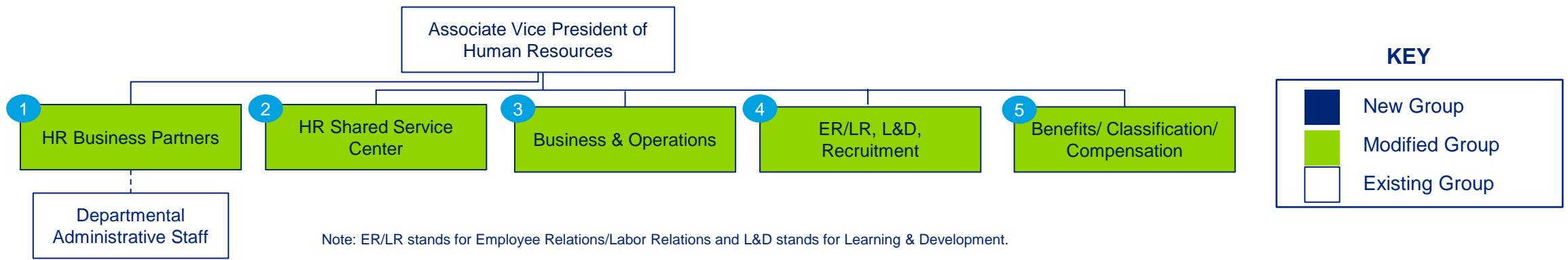
ISU Future State Considerations

Current State	Future State	Implementation Considerations
<p>Structure</p> <ul style="list-style-type: none">▪ Payroll reports up through the Controller function in Finance—staff perceive that the separation between HR and Payroll can create confusion over which function to contact and what the requirements are for each function when submitting electronic personnel actions¹▪ Wide variation in coverage ratios of HR support to colleges/administrative divisions across campus, ranging from 33 university FTE per HR Liaison to 808 university FTE per HR Liaison²	<p>Structure</p> <ul style="list-style-type: none">▪ Develop a formal mechanism for Payroll and HR to collaborate on policies, procedures, and technology requirements▪ HR Shared Service Center could provide support on payroll related issues and inquiries▪ Distribute decentralized HR support appropriately across the organization to ensure all departments are adequately served	<p>Structure</p> <ul style="list-style-type: none">▪ Need to identify differing HR technology requirements across HR and Payroll
<p>Financial & Performance Management</p> <ul style="list-style-type: none">▪ Insufficient systems capabilities to support core reporting and analytics result in manual departmental offline spreadsheets to track metrics and data (e.g., personnel addresses, time-to-fill, attrition rate)▪ Lack of key performance indicator (KPI) targets for HR staff to work towards inhibits process improvement▪ Limited performance management processes (e.g., only two evaluation options) and lack of a performance management tool inhibits consistent performance feedback	<p>Financial & Performance Management</p> <ul style="list-style-type: none">▪ Prioritize reporting capabilities when making technology investments▪ Track KPIs consistently so performance can be measured against targets (e.g., Shared Service Center performance, new hire time-to-fill) and communicated to relevant stakeholders▪ Revise performance management process to allow greater flexibility in evaluations and invest in performance management tool to track review dates and performance	<p>Financial & Performance Management</p> <ul style="list-style-type: none">▪ Additional investment in technology would be required to enable functionality to support metrics and reporting

¹ If Finance Shared Services is pursued, ISU would need to determine who would handle payroll related inquiries. Possibility for multi-functional shared services exists, but was not explored as part of Phase 2 of TIER
²Coverage ratio calculations based on list of HR Liaisons and associated colleges/administrative units and do not take into account actual percentage of time spent in role.

ISU Future State HR Functions

The structure outlined below represents potential changes that could occur in the HR service delivery model to increase process efficiency and improve the delivery of strategic HR services:



Proposed Changes

- 1 Convert HR Liaison positions to full time Business Partner HR positions and revise their roles to allow for specialization of services. Consider establishing full reporting line from HR Business Partners to VP of HR to increase consistency in HR service delivery amongst colleges. HR Business Partners in some instances may support multiple departments and/or units
- 2 Consider establishing direct reporting from HR Shared Service Center to VP of HR to fully develop Service Center's services. Services could include Customer HR support, report generation, position description database maintenance, employee file maintenance, search process support, etc. Increase training to staff to support the additional services and consider investing in technology to track customer service inquiries and key performance indicators. The number of Shared Service Center FTEs would depend on coverage ratio benchmarks — average service center FTE benchmark given university total FTE count suggests 10 FTEs should be added¹
- 3 More closely link HR Shared Service Center with VP of HR to increase focus in developing the Service Center to better serve faculty and staff on campus.
- 4 Increase central support to departments for the recruitment process (e.g., developing active recruitment pipeline, position description development) and increase recruitment training offered to employees. Hire 2 additional recruiters to aid in recruitment strategy based on Requisition Per Recruiter benchmark²
- 5 Additional investment and/or training in Benefits and Classification/Compensation leadership and staff may be required to facilitate the appropriate level of services to campus³

Other Considerations

- Actual organization model to be determined during implementation
- More detailed resource allocation analysis required before staff count can be confirmed, including an analysis of Central HR and the existing Service Center
- Time required to implement technology changes would influence reorganization timeline

¹ Need to determine optimal number of Service Center FTEs once roles and responsibilities are fully scoped. Deloitte's Global Benchmarking Center suggests a coverage ratio of 2.5 service center FTE per 1,000 employees. With 5 Service Center FTE currently, 10 additional FTEs should be added to the Service Center based on benchmark. Calculation assumes support of a new HRIS.

² Deloitte Global Benchmarking Study suggests an average of 206 job requisitions per year per recruiter. Assuming ISU hires 943 new hires a year the recruiting team would need 5 FTEs.

³ Additional analysis of Central HR function is required to appropriately align skills and services. Additional functional expertise in benefits, class/comp, and recruiting may be required prior to technology implementation

Operating
Model Considerations

ISU Business Case Overview: HR-01

Business Case ID	Description
HR-01 Revise distributed HR delivery model	Evaluate the potential to revise the Human Resources (HR) service delivery model and streamline transactions to improve service quality and reduce handoffs and exemptions.

Current State Challenges:

- Dated HR systems that have limited automation, accessibility, and reporting capabilities increase time spent on HR transactions and data management
- Lack of technology, training, and ability to track inquiries and performance metrics render the HR Service Center unable to offer effective Customer HR support for customer service inquiries
- Transaction-driven HR has led to strategic service gaps in areas like workforce planning, recruiting, classification and compensation, and training and development
- Limited training offered to departmental HR staff (i.e., HR Liaisons and administrative staff) results in variable service levels across colleges, rework, slower turnaround times, and the increased risk of HR policy violations (e.g., incorrect storage of sensitive personnel data)
- Lack of direct reporting relationship between decentralized HR staff and Central HR leads to inconsistent service delivery among colleges and administrative units
- Unclear roles and responsibilities and service level expectations create role confusion between Central HR, HR Service Center, HR Liaisons, and departmental administrative staff
- Lack of university-wide HR strategic plans leads to conflicting priorities across campus (e.g., investment in HR system)

ISU Business Case Overview: HR-01

Future State Solution

The model outlined in the Cost-Savings Summary table below includes an investment in a new Human Resources Information System (HRIS) to decrease manual processing and data entry across campus, increase access to information, and improve reporting capabilities (New HRIS Model). Since this would be a large investment and no decision has been made about whether to pursue a new system, a second scenario in which HR continues with its legacy HRIS has also been modeled (Legacy HRIS Model). The future state recommends the following:

- Establish a comprehensive HR strategy with input from faculty and staff leadership that aligns HR initiatives and metrics to university strategic objectives
- Develop a more comprehensive HR Shared Services Center by enhancing current Service Center capability through clarifying service offerings (e.g., Customer HR support, employee data management, report generation, search consultative support, new hire paperwork processing) and investing in technology (e.g., customer relationship management tool) and staff training
- Enhance HR functional expertise to increase array of services provided (e.g., compensation & classification, workforce management)
- Convert HR Liaison positions to full time HR Business Partner positions to allow specialization of services, and increase training for HR Business Partners and departmental administrative staff processing HR transactions. Establish full reporting line from HR Business Partners to Associate Vice President of HR to increase consistency in HR service delivery amongst colleges
- Streamline processes to reduce cycle times and handoffs (e.g., employee personnel actions, position description development) and clarify roles and responsibilities between Central HR, Service Center, HR Business Partners, and departmental administrative support staff to increase efficiencies across the organization (e.g., customer service inquiry point of contact)

Expected Qualitative Benefits

- Established key performance indicators (KPIs) for HR staff to work towards that align HR strategy with university objectives
- Increased time spent on strategic HR services due to decreased time spent on manual processing and data management
- Reduced administrative effort at the department level by reducing or removing certain HR activities, freeing up staff time for strategic initiatives
- Reduced risk and improved service delivery due to more trained HR staff performing core HR services, rather than departmental staff

Proposed Performance Measures

- HR FTE per 1,000 employees
- HR costs per employee
- Employee satisfaction ratings
- Process metrics: time-to-fill, time-to-post, performance review compliance
- Shared Service Center metrics: first contact resolution rate, avg. hold time, calls/transactions per FTE/month, cost per call

Time to Implement

- Short: 0-6 Months
- Medium: 6-18 Months
- Long: 18 Months or Longer

Short

Medium

Long

Cost-Savings Summary (\$000s)



ISU Business Case Summary: HR-01

Timeline												
Key Activity	Q1	Q2	Q3	Q4	Q5	Q6	Q7	Q8	Q9	Q10	Q11	Q12
Define Vision												
Select HRIS and Design												
Build & Test												
Implement												
Optimize												
Opportunity Scope												
Within Business Case <ul style="list-style-type: none">Estimate of staff time spent performing HR transactions in local departments (includes HR Liaisons, secretaries, program support staff, clerks, and administrative assistants and managers)Estimates for non-salary HR spend data (e.g., technology, space costs)Activities reviewed include Customer Service Inquiries, HR Data Management, Recruitment, Time and Attendance, Payroll, Training and Performance Management, Benefits Administration, and Immigration/Visa Processing						Outside of Business Case <ul style="list-style-type: none">Analysis of HR effort being performed in Central HR – an analysis of Central HR would need to occur during implementationDetailed requirements for technology/tool implementationDetailed resource allocation analysis (survey of how an individual reports spending their time on certain business processes)						
Assumptions						Dependencies including Technology						
<ul style="list-style-type: none">Estimates of percent of time administrative support staff spend on HR related activities by position were used to determine FTE effort spent on transactional processes. Estimates were based on interviews, job descriptions and knowledge of similarly sized organizations.Model assumes that change to future state staffing would be obtained in the first two years by natural attrition rates, and potentially by phased retirement.						<ul style="list-style-type: none">Revision of roles and responsibilities is dependent on the outputs of the Finance service delivery model business case (FN-01) and the Professional & Scientific search committee business case (HR-10)Analysis assumes a strong investment in technology systems to eliminate manual effort in processing and creating workarounds due to system limitationsMovement of staff and shifting of responsibilities dependent on services supported centrally						
Activity Details												
<ul style="list-style-type: none">Define Vision: establish HR strategy with input from faculty and staff leadership that aligns HR initiatives and metrics to university strategic objectives. Develop technology requirements and roadmapConduct Detailed Design and Select HRIS: select HRIS and create detailed HRIS design in conjunction with organization, process, and other technology design. Conduct resource allocation analysis.Build and Test: configure and test HRIS alongside revised organizational structure and processesImplement: complete testing and implementation of the technology and structure transition strategyOptimize: establish process improvement policies												
Potential Issues/Risks												
<ul style="list-style-type: none">Delay in selection and implementation of HRIS would impact implementation of revised structure and processesDepartmental resistance to movement of responsibilities from departments would require change management support and a communication planFunding implications of Resource Management Model would need to be taken into consideration												
Next Steps												
<ul style="list-style-type: none">Vet opportunity with ISU leadership and key stakeholdersEvaluate HRIS systems and develop technology requirementsConduct resource allocation analysis to confirm current state baseline of HR effort (in both central HR and out in colleges and units)Analyze results of analysis and determine process redesign needsEvaluate key processes and technology for redesign												

ISU Human Resources Option #1: New HRIS Model

The business case modeled below outlines the potential costs and benefits related to a new HRIS model.

All figures in \$000s		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Total	Assumptions	
ISU New HRIS Model	Implementation Costs													
	Technology Costs	6,446	3,216	1,624	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600	22,486	Cost estimate includes HRIS, customer relationship management tool (CRM) ² , imaging tool, and a performance management tool. HRIS estimates are based on off-the-shelf cloud-based solutions. It also includes a one-time technology cost of \$3K per new hire (e.g., laptop, phone).
	Attrition Costs	-	350	426	426	350	350	-	-	-	-	-	1,902	Assumes natural attrition for two years, with no additional incremental costs. Assumes that 50% of new Service Center and Central HR hires would be filled by current employees, so no severance/vacation payout required. Also assumes cost related to phased retirement plan, to be offered in Year 2
	Vendor Costs	3,525	1,175	-	-	-	-	-	-	-	-	-	4,700	Includes initial estimate of professional services fees to assist with resource allocation analysis and high level process redesign and best practice development.
	Training Costs	10	10	40	-	-	-	-	-	-	-	-	60	Includes upfront training budget of \$5K per new hire.
	Space Costs	30	30	120	-	-	-	-	-	-	-	-	180	Space build out at \$15K per new FTE.
	Total Implementation	10,011	4,781	2,210	2,026	1,950	1,950	1,600	1,600	1,600	1,600	1,600	29,328	
	Costs Reduction / Savings													
	Net future state staffing ¹	810	2,495	2,799	3,723	3,723	3,723	3,723	3,723	3,723	3,723	3,723	32,165	Assumes potential gross reduction to future state staffing of 61 FTEs (includes changes of FTEs that could be retrained/repurposed in new organization). Assumes addition of 10 Service Center FTEs and 2 Recruiters (including a leadership position), resulting in a net change of 49 FTES. ³ Assumes staff are hired at a higher average salary to reflect increased responsibilities and skills required. Rate of change assumes natural attrition for two years at 7% (average attrition for P&S and merit staff) and the implementation of a phased retirement program.
	Impact													
Annual benefit	(9,201)	(2,286)	589	1,697	1,773	1,773	2,123	2,123	2,123	2,123	2,123	2,837		
Cumulative benefit	(9,201)	(11,487)	(10,898)	(9,201)	(7,428)	(5,655)	(3,532)	(1,409)	714	2,837				
Payback Period (months)	104													

¹Represents savings related to net change to future state staffing (e.g., potential new staff added are accounted as an offset in the ongoing savings line, not as a cost in incremental implementation costs)

²Customer Relationship Management tool, while not required, will enable better management of customer inquiries and metrics in the future state solution

³Deloitte's Global Benchmarking Center suggests 2.5 Service Center FTE per 1,000 employees, indicating ISU's Service Center should increase its current staff of 5 FTE to 15 FTE. Deloitte's Global Benchmarking Study suggests an average of 206 job requisitions per year per recruiter. Assuming ISU hires 1000 new hires a year (based on an estimate against SU's number of new hires since ISU's system limitations does not allow the university to track number of new hires), the recruiting team should be comprised of 5 FTEs.

Note: All estimates are preliminary and subject to change after further validation. Internal staff resource time and effort (as well as associated labor cost) to support implementation were not estimated during Phase 2. Internal staff resource requirements will vary based on implementation model chosen and will need to be considered prior to design and implementation. Assumes approach for managing staffing changes will be determined by the Board and the Universities during design.

ISU Human Resources Option #2: Legacy HRIS Model

The business case modeled below outlines the potential costs and benefits related to an updated HR model that continues to use the legacy HRIS (ADIN).

All figures in \$000s		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Total	Assumptions
ISU Legacy HRIS Model	Implementation Costs												
	Technology Costs	2,287	877	328	300	300	300	300	300	300	300	5,592	Cost estimate includes customer relationship management tool (CRM), imaging tool, and a performance management tool. It also includes a one-time technology cost of \$3K per new hire (e.g., laptop, phone).
	Attrition Costs	-	135	135	135	135	135	-	-	-	-	675	Attrition costs related to phased retirement offering. Assumes the rest of attrition can occur through natural attrition over two years, with no additional incremental costs. Assumes that 50% of new Service Center and Central HR hires would be filled by current employees, so no severance/vacation payout required.
	Vendor Costs	3,525	1,175	-	-	-	-	-	-	-	-	4,700	Includes initial estimate of professional services fees to assist with resource allocation analysis and high level process redesign and best practice development.
	Training Costs	11	12	47	-	-	-	-	-	-	-	70	Includes upfront training budget of \$5K per new hire.
	Space Costs	35	35	140	-	-	-	-	-	-	-	210	Space build out at \$15K per new FTE.
	Total Implementation	5,858	2,234	650	435	435	435	300	300	300	300	11,247	
	Costs Reduction / Savings												
	Net future state staffing ¹	784	1,906	1,182	1,182	1,182	1,182	1,182	1,182	1,182	1,182	12,146	Assumes potential gross change to future state staffing of 30 FTEs (includes decrease of FTEs that could be retrained/repurposed in new organization). Assumes addition of 12 Service Center FTEs and 2 Recruiters, resulting in a net decrease of 16 FTEs. ³ Assumes staff rehired at a higher average salary. Rate of change assumes natural attrition for two years at 7% (average attrition for P&S and merit staff) and the implementation of a phased retirement program.
	Impact												
	Annual benefit	(5,074)	(328)	532	747	747	747	882	882	882	882	899	
	Cumulative benefit	(5,074)	(5,402)	(4,870)	(4,123)	(3,376)	(2,629)	(1,747)	(865)	17	899		
Payback Period (months)	108												

¹Represents savings related to net change to future state staffing (e.g., potential new staff added are accounted as an offset in the ongoing savings line, not as a cost in incremental implementation costs)

²Customer Relationship Management tool, while not required, will enable better management of customer inquiries and metrics in the future state solution

³Deloitte's Global Benchmarking Center suggests 2.5 Service Center FTE per 1,000 employees, indicating ISU's Service Center should increase its current staff of 5 FTE to 15 FTE. However, 2 additional staff are recommended to handle increased HR data management due to the legacy HRIS. Deloitte's Global Benchmarking Study suggests an average of 206 job requisitions per year per recruiter. Assuming ISU hires 1000 new hires a year (based on an estimate against SUI's number of new hires since ISU's system limitations does not allow the university to track number of new hires), the recruiting team should be comprised of 5 FTEs.

Note: All estimates are preliminary and subject to change after further validation.

SUI HR Operating Model and Business Case

SUI HR Operating Model Key Changes

Through investments in technology, the University of Iowa has automated many human resources (HR) processes. By reducing time spent on transactional processes, the University has been able to offer a wide array of HR services in areas such as workforce planning, organizational effectiveness, and wellness. However, the current decentralized operating model leads to some inconsistencies and inefficiencies in service delivery. By implementing the potential changes, SUI could further increase the efficiency and effectiveness of HR services.

- Consider establishing direct reporting line from Senior HR Representatives (Reps) to Central HR, and from HR Unit Representatives to Senior HR Reps, to increase consistency in service delivery
- Revise Senior HR Rep and HR Unit Rep roles to be full-time dedicated HR staff. Currently, most HR Reps perform functions outside of HR, which leads to a greater number of Reps and distribution of HR knowledge, but decreased depth of knowledge. Streamline HR responsibilities among HR Reps (while maintaining both Senior HR and HR Unit Rep positions) to provide more effective and efficient service. Consider having HR Reps specialize in certain areas (e.g., recruiting) to provide their expertise to multiple departments
- Conduct review of low volume, high complexity items that are performed departmentally and streamline effort into trained experts—possible examples include Family and Medical Leave Act (FMLA) compliance, recruitment compliance, and immigration
- Streamline processes, such as recruitment, promotion, and change of status processing, by reducing handoffs and manual processing (e.g., candidate exclusion justification during recruitment, entering change of status forms into PeopleSoft)
- Clarify university strategic priorities around workforce planning as it relates to HR and Compliance

SUI Future State Considerations

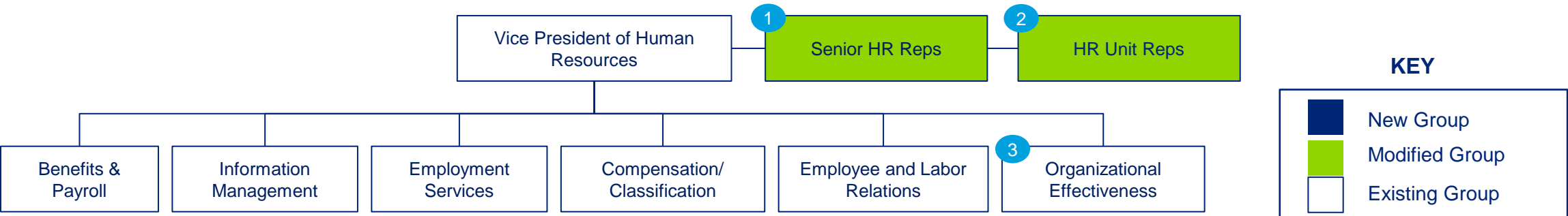
Current State	Future State	Implementation Considerations
<p>Governance</p> <ul style="list-style-type: none"> Advisory groups are created for most SUI initiatives, allowing for broad stakeholder input Central HR meets with HR Reps monthly to communicate any process or policy changes and discuss any problems, risks, and suggestions Differing opinions on University risk tolerance in HR related activities (e.g., recruitment) 	<p>Governance</p> <ul style="list-style-type: none"> Clarify university strategic priorities around workforce planning as it relates to the role of HR and compliance 	<p>Governance</p> <ul style="list-style-type: none"> An assessment of university risk tolerance and strategic priorities would need to be conducted in order to clarify the roles of HR and Equal Opportunity and Diversity (EOD)
<p>People, Process & Technology</p> <ul style="list-style-type: none"> Technology has automated many HR processes (e.g., Self-service, UI Workflow) There are 26 Senior HR Reps and 113 Unit Reps across campus (excludes UIHC). Of the 139 HR Reps, most are not full time HR professionals, but are instead administrative support staff who also have HR responsibilities HR Reps receive training on HR processes and policies but “generalist” expectation of HR Reps can make it difficult to keep track of all processes and policies on top of other job responsibilities, especially in low volume transactional areas Processes are often reviewed and self-studies are conducted to increase efficiency but some manual processes remain in certain areas, such as recruitment, promotion, and change of status processing (e.g., screening applicants against minimum job qualifications, entering change of status forms into PeopleSoft) 	<p>People, Process & Technology</p> <ul style="list-style-type: none"> Revise Senior HR Rep and HR Unit Rep roles to be full-time dedicated HR staff. Streamline HR responsibilities among HR Reps (while maintaining both Senior HR and HR Unit Rep positions) to provide more effective and efficient service. Consider having HR Reps specialize in certain areas (e.g., recruiting) to provide their expertise to multiple departments Transition low volume and high complexity transactions to functional experts (e.g., FMLA, immigration) Evaluate the potential to further leverage technology to minimize manual processes (e.g., screen applicants against job requirements using Jobs@Uiowa) Develop best practices for approval requirements in Workflow to minimize unnecessary reviews 	<p>People, Process & Technology</p> <ul style="list-style-type: none"> Additional resource allocation analysis of departmental and Central HR support would be needed to confirm baseline effort in-scope processes Prioritization of technology initiatives for processes that can be streamlined through technology needs to be considered

SUI Future State Considerations

Current State	Future State	Implementation Considerations
<p>Structure</p> <ul style="list-style-type: none"> HR effort is decentralized, with Central HR providing core services (e.g., benefits, compensation & classification) and departmental HR Reps and administrative staff initiating most HR transactions Each department is mapped to one of the 26 Senior HR Reps; the Senior HR Reps determine how many HR Unit Reps are needed and who should fill those positions. Each Senior HR Rep typically works with 4 to 6 Unit Reps Departmental staff performing HR transactions (i.e., Senior HR Reps, HR Unit Reps, and administrative staff) report through colleges, limiting the University's ability to track policy compliance and service delivery expectations—although dotted line reporting exists from Senior HR Reps to VP HR Wide variation in coverage ratios of HR support to colleges/administrative divisions across campus, ranging from 9 university FTE per HR Rep to 241 university FTE per HR Rep¹ 	<p>Structure</p> <ul style="list-style-type: none"> Consider establishing full reporting line from Senior HR Reps to Central HR, and from HR Unit Reps to Senior HR Reps to increase consistency in service delivery Determine optimal number of HR Reps and distribute Reps to try to equalize workload distribution 	<p>Structure</p> <ul style="list-style-type: none"> Additional resource allocation analysis is required to confirm current state baseline effort and inscope processes Revised reporting lines require support from colleges, Central HR, and administrative units
<p>Financial & Performance Management</p> <ul style="list-style-type: none"> Reporting capabilities accessible to central and departmental HR staff Defined metrics (e.g., turnover, time-to-fill, worker's compensation cost per employee) that align with HR strategy are communicated and reviewed annually by Central HR with departmental HR Reps Developed performance management process for P&S staff with online performance management tool allows for consistent performance review 	<p>Financial & Performance Management</p> <ul style="list-style-type: none"> Evaluate the expansion of performance management process for merit staff to promote development Expand performance management tool to other groups to decrease manual processing during performance reviews and increase consistency in reviews 	<p>Financial & Performance Management</p> <ul style="list-style-type: none"> Performance review of additional staff may require support from various employee groups

SUI Future State HR Functions

The structure outlined below represents potential changes that could occur in the HR service delivery model to improve the delivery of HR services:



Note: See SUI org chart for more detail around reporting relationships and functions.

Operating Model Considerations

Proposed Changes

- 1 Consider establishing full reporting line from Senior HR Reps to Central HR to increase consistency in HR service delivery amongst colleges and administrative units
- 2 Revise Senior HR Rep and HR Unit Rep roles to be full-time dedicated HR staff. Currently, most HR Reps perform functions outside of HR, which leads to a greater number of Reps and distribution of HR knowledge, but decreased depth of knowledge. To increase depth of knowledge, streamline HR responsibilities among HR Reps (while maintaining both Senior HR and HR Unit Rep positions), which would reduce rework and handoffs. Consider having HR Reps specialize in certain areas (e.g., recruiting) to provide their expertise to multiple departments. Revising the local HR Rep model would minimize the risk of noncompliance of HR related policies due to better trained and dedicated HR staff. Determine optimal number of HR Reps based on benchmark coverage ratios¹
- 3 Evaluate the possibility for Organizational Effectiveness group in HR to take lead on reorganizational efforts for HR. Addition of staff in Organizational Effectiveness will likely be needed to support ongoing TIER initiatives that require HR support

Other Considerations

- More detailed resource allocation analysis required before staff count can be confirmed, including an analysis of Central HR
- Actual organization model to be determined during implementation

¹ Deloitte's Global Benchmarking Center suggests a High Cost Performer coverage ratio of 2.8 business partners (Senior HR Reps) per 1,000 employees. For SUI this equates to approximately 26 FTEs, the current staffing level of Senior HR Reps. Benchmarks suggest a 3rd quartile coverage ratio of 5.2 site reps (HR Rep) per 1,000 employees. Senior HR Reps equate to business partners and HR Unit Reps equate to site reps in function.

SUI Business Case Overview: HR-01

Business Case ID	Description
HR-01	Evaluate the potential to revise the Human Resources (HR) service delivery model and streamline transactions to improve service quality and reduce handoffs and exemptions.
Revise distributed HR delivery model	This business case did not evaluate the HR work being performed in the University of Iowa Hospitals and Clinics (UIHC). ¹

Current State Challenges:

- “Generalist” expectation of HR Representatives (Reps), who are typically administrative support staff who also have HR responsibilities, makes it difficult for to keep track of all HR processes and policies in addition to other job responsibilities, especially in low volume transactional areas
- Lack of direct reporting relationship between decentralized HR staff and Central HR leads to inconsistent service delivery among colleges and administrative units
- Processes are often reviewed and self-studies are conducted to increase efficiency, but some manual and/or time-consuming processes remain, such as recruitment, promotion, and change of status processing (e.g., entering change of status forms into PeopleSoft)
- Wide variation in coverage ratios of HR Rep support exists between colleges/administrative units, ranging from 9 university FTE per HR Rep to 241 university FTE per HR Rep in the colleges/administrative units, resulting in unequal workload distribution and inconsistent service delivery²

¹ The business case does evaluate administrative HR staff in the Carver College of Medicine. Due to the fact that College of Medicine staff often support UIHC as well, potential changes to Carver College of Medicine will need to be further assessed during implementation. Due to the complexity of the integration, College of Medicine could be evaluated last, after the approach has been proven in other areas of the organization.

² Coverage ratio calculations based on list of HR Reps and associated colleges/units and do not take into account actual percentage of time spent in role.

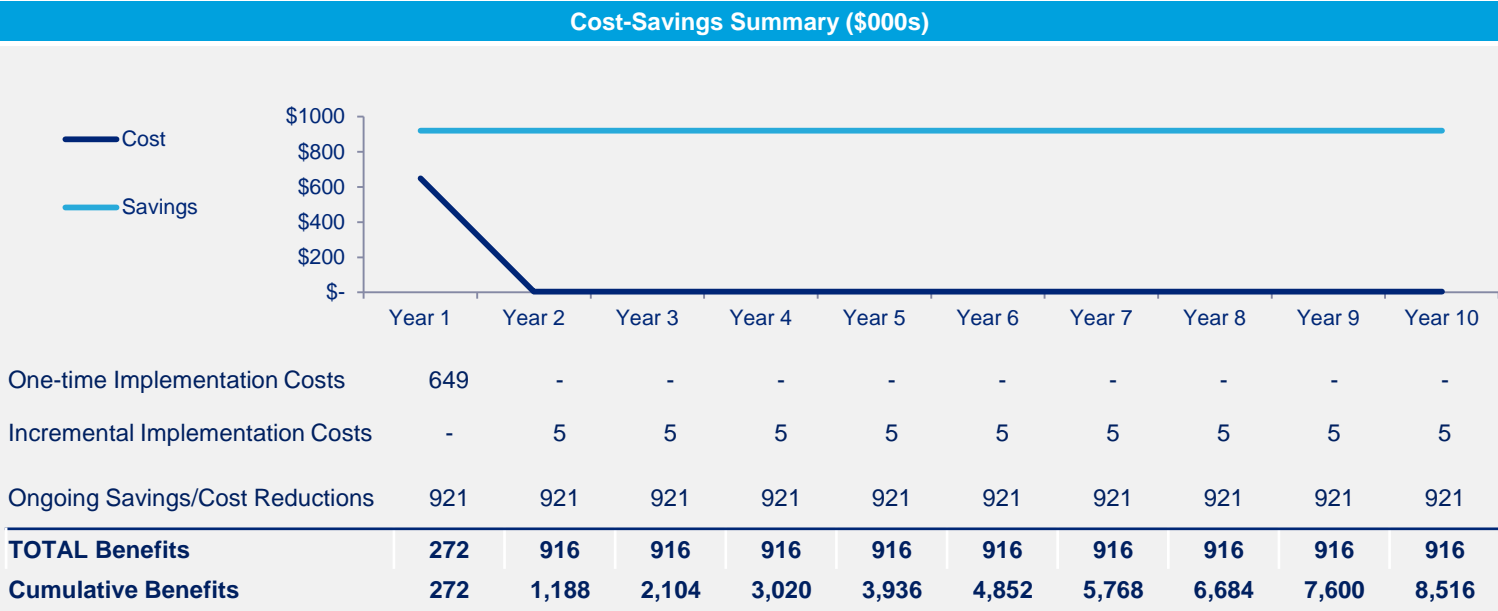
SUI Business Case Overview: HR-01

Future State Solution

- Consider establishing full reporting line from Senior HR Reps to Central HR, and from HR Unit Reps to Senior HR Reps, to increase consistency in service delivery
- Revise Senior HR Rep and HR Unit Rep roles to be full-time dedicated HR staff. Streamline HR responsibilities among HR Reps (while maintaining both Senior HR and HR Unit Rep positions) to provide more effective and efficient service. Consider having HR Reps specialize in certain areas (e.g., recruiting) to provide their expertise to multiple departments and distribute Reps to equalize workload distribution. Based on HR benchmark data, the current number of Senior HR Reps is appropriate, however the current number of HR Unit Reps may be too high
- Streamline processes, such as recruitment, promotion, and change of status processing, by reducing handoffs and manual processing
- Develop mechanism to clarify university strategic priorities for workforce planning related to HR and Equal Opportunity and Diversity (EOD) role in HR processes
- Recognizing the need for collective bargaining, evaluate the expansion of performance management tool to non-professional and scientific (P&S) employees to decrease manual processing during performance reviews and increase consistency in reviews

Expected Qualitative Benefits

- Increased consistency in HR service delivery
- Reduced risk due to more specialized HR Reps performing HR services departmentally
- Improved workload distribution based on coverage ratios of Senior HR Reps and HR Unit Reps to university employees
- Clear roles and responsibilities between HR, local HR Reps, and EOD
- Lower time-to-fill through more streamlined recruitment process by reducing handoffs and multiple reviews
- Increased consistency in performance reviews for non-P&S employees with use of performance management tool



Proposed Performance Measures

- HR FTE per 1,000 employees
- HR costs per employee
- Employee satisfaction ratings
- Business partner coverage ratio
- Site representative coverage ratio
- Process metrics: time-to-fill, time-to-post, percentage of employees receiving performance reviews

Time to Implement

- Short: 0-6 Months
- Medium: 6-18 Months
- Long: 18 Months or Longer

Short

Medium

Long

SUI Business Case Summary: HR-01

Timeline												
Key Activity	Q1	Q2	Q3	Q4	Q5	Q6	Q7	Q8	Q9	Q10	Q11	Q12
Design												
Build & Pilot												
Implement												
Optimize												
Activity Details												
<ul style="list-style-type: none"> ▪ Conduct Detailed Design: conduct resource allocation analysis to confirm staffing baseline. Create detailed organization and process design ▪ Build and Pilot: configure and pilot revised HR Rep organizational structure and processes ▪ Implement: complete pilot testing and implement revised operating model ▪ Optimize: revise operating model as best practices emerge from the implementation 												
Potential Issues/Risks												
<ul style="list-style-type: none"> ▪ Departmental resistance to establishment of full reporting line from Senior HR Reps to Central HR could occur and would require a change management strategy and communication plan ▪ Additional resource allocation analysis of departmental and central HR support would be required to determine movement of staff and inscope processes ▪ Clarifying the roles of HR and EOD would require an assessment of risk tolerance and university strategic priorities around recruitment 												
Opportunity Scope												
Within Business Case <ul style="list-style-type: none"> ▪ Estimate of staff time spent performing HR transactions in local departments (includes HR Reps, secretaries, program support staff, clerks, and administrative assistants and managers) ▪ Estimates for non-salary HR spend data (e.g., technology and space costs) ▪ Activities reviewed include Customer Service Inquiries, HR Data Management, Recruitment, Time and Attendance, Payroll, Training and Performance Management, Benefits Administration, and Immigration/Visa Processing 						Outside of Business Case <ul style="list-style-type: none"> ▪ Analysis of HR work being performed in Central HR and UIHC—an analysis would need to occur during detailed design¹ ▪ Detailed requirements for technology/tool implementation ▪ Detailed resource allocation analysis (survey of how an individual reports spending their time on certain business processes) 						
Assumptions						Dependencies including Technology				Next Steps		
<ul style="list-style-type: none"> ▪ Estimates of percent of time administrative support staff spend on HR related activities by position were used to determine FTE effort spent on transactional processes. Estimates were based on interviews, job descriptions and knowledge of similarly sized organizations. ▪ Model assumes that any change to future state staffing required would be obtained in the first two years by natural attrition rates, and potentially by phased retirement. 						<ul style="list-style-type: none"> ▪ Revision of roles and responsibilities dependent on the outputs of the Finance service delivery model business case (FN-01) and the P&S search committee business case (HR-10) ▪ Review of Central HR organization may be needed to determine impact and potential for additional savings ▪ Technology enhancements dependent on IT resource availability 				<ul style="list-style-type: none"> ▪ Vet opportunity with SUI leadership and key stakeholders ▪ Conduct resource allocation analysis to confirm current state baseline of HR effort (in both central HR and out in colleges and units) ▪ Analyze results of resource allocation analysis ▪ Evaluate key processes for redesign 		

SUI Human Resources Business Case: Streamlined HR Rep Model

The business case modeled below outlines the potential costs and benefits related to a streamlined HR Representative model.

All figures in \$000s		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Total	Assumptions
SUI Streamlined HR Rep Model	Implementation Costs												
	Technology Costs	25	5	5	5	5	5	5	5	5	5	70	Cost estimate includes increasing functionality of and interfacing Workflow with PeopleSoft for change of status forms. Estimates assume internal IT resources would be used to make system modifications.
	Attrition Costs	-	-	-	-	-	-	-	-	-	-	-	
	Vendor Costs	574	-	-	-	-	-	-	-	-	-	574	Includes optional initial estimate of professional services fees to assist with resource allocation analysis and high level process redesign and best practice development.. Assumes HR would play a large role in design and organizational planning.
	Space Costs	-	-	-	-	-	-	-	-	-	-	-	
	Training Costs	50	-	-	-	-	-	-	-	-	-	50	Includes upfront training budget of \$50K for new streamlined HR Rep positions.
	Total Implementation	649	5	5	5	5	5	5	5	5	5	694	
	Costs Reduction / Savings												
	Net future state staffing	921	921	921	921	921	921	921	921	921	921	9,210	Assumes potential reduction to future state staffing of 12 FTEs based on HR Rep coverage ratio benchmarks ¹ . Assumes the average HR Rep spends 65% of their time on HR activities. Rate of change assumes natural annual attrition of 9% (average attrition for P&S and merit staff).
	Impact												
	Annual benefit	272	916	916	916	916	916	916	916	916	916	8,516	
	Cumulative benefit	272	1,188	2,104	3,020	3,936	4,852	5,768	6,684	7,600	8,516		
	Payback Period (in months)	10											

¹ Deloitte's Global Benchmarking Center suggests a High Cost Performer coverage ratio of 2.8 business partners (Senior HR Reps) per 1,000 employees. For SUI this equates to approximately 26 FTEs, the current staffing level of Senior HR Reps. Benchmarks suggest a 3rd quartile coverage ratio of 5.2 site reps (HR Rep) per 1,000 employees. This equates to 90.35 FTE worth of effort (# HR Rep FTE = Current # HR Reps * % Time Spend on HR = 139*.65 = 90.35). Based on 3rd Quartile coverage ratios, SUI should have approximately 26 Senior HR Reps (in line with current staffing) and 52 Site Reps. This equates to an FTE change of 12 FTEs. Design will further validate optimal staffing levels for SUI.

Note: Internal staff resource time and effort (as well as associated labor cost) to support implementation were not estimated during Phase 2. Internal staff resource requirements will vary based on implementation model chosen and will need to be considered prior to design and implementation. It will be likely that additional staff will need to be added in Organizational Effectiveness to support the TIER initiative.

Information Technology

IT Opportunities Overview

Each IT business case can be implemented independently, but there are opportunities to increase the success of the business cases by sequencing in an order that will build off of the improved processes and operations the prior case creates.

Potential Ordering of Information Technology Opportunities		
Technology Transformation		
First	IT-04	Using Technology Innovations to reduce Total Cost of Ownership (TCO)
Second	IT-03	Streamlining the Applications Landscape
Operational Transformation		
Third	IT-02	Transforming the Central ITS Delivery Model
Fourth	IT-01	Transforming the Distributed IT landscape

Business Case Overview: IT-04

Business Case ID	Description
IT-04 Using Technology Innovations to reduce the Total Cost of Ownership (TCO)	<ul style="list-style-type: none">Utilize Technology Innovations to Reduce the Total Cost of Ownership (TCO) for Technology Infrastructure across all three universities

Current State Landscape and Challenges:

- Significant annual desktop spend** – Over 30,000 traditional desktops are in use across all the three universities, resulting in significant annual desktop spend to refresh (estimated at \$7-8M per year¹); this points towards a potential opportunity to utilize technology innovations like thin client devices, which provide similar functionality as desktops, but can be potentially more cost effective in the long-run
- Local printer usage** – Over 4,900 local printers were inventoried during Phase 2, as being deployed across all the three universities. Typically, a local printer is directly connected to a workstation and is typically only used by one user to print. In general, such printers are more prone to support issues, and may be unnecessary, as networked printers may be available (or made available) to serve such printing requests more cost effectively
- Reasonably efficient print paper usage** – Paper printer reporting metrics indicate that the three universities are reasonably efficient in terms of using printing features like duplex printing (with metrics ranging from 45% to 75% duplex). These metrics can be increased higher through communications, change management and leveraging printer technology features, pointing to an opportunity to reduce some printing costs
- Complex IT support model** - for end-user computing and printing support, wherein some desktops and laptops are supported by central ITS and others by distributed ITS teams; Additionally, the desktop configuration variations within and across the three universities increases the maintenance efforts for these teams

¹Estimate derived from data gathered during discussions with IT stakeholders at each of the universities including desktop refresh rates and average cost per desktop

Business Case Overview: IT-04

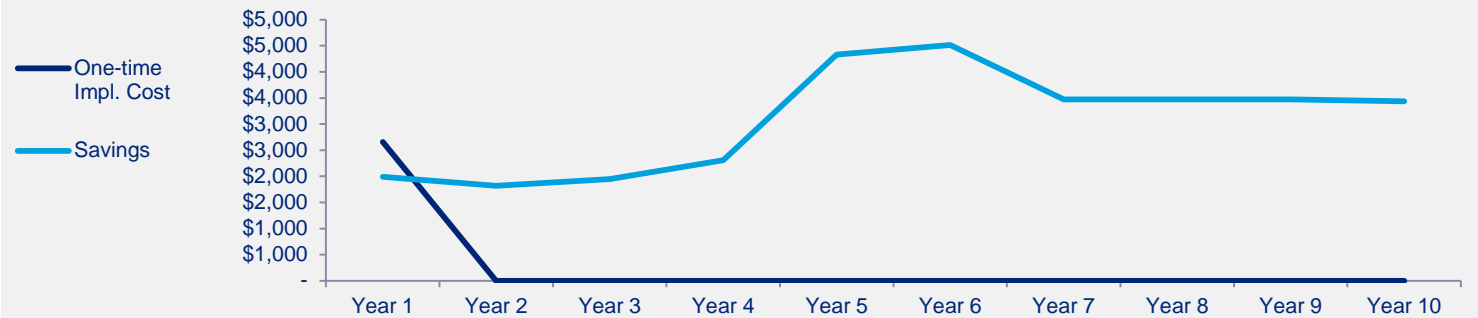
Future State Solution

- Two key transformational initiatives should be considered as part of this overall initiative, as described below.
- Consider a Desktop Transformation initiative** - Use virtual desktop infrastructure (VDI) to reduce the cost of acquisition, support, and management of some proportion of end-of-life (EOL) physical desktops, without sacrificing ease of use or functionality, for users within all the three universities. This architecture could also help provide utility savings across the three universities and enable standards to be determined for these devices
- Consider a “Print Green” initiative** - Consolidate local printer usage and migrate end-users to networked printers across the universities. Enhance efficient paper usage by using technological methods on local and networked printers to encourage enhanced usage of capabilities like duplex printing. Consider a streamlined desktop and printer refresh program across the universities to enable effective reporting on progress

Expected Qualitative Benefits

- Ability to better safeguard sensitive data, due to pooled storage of data within data centers
- Reduced complexity of maintenance & support of thin client and local printer devices
- Environmental savings from enhancing printing options that enable savings of paper
- Enable better standardization of desktop landscape
- Improved metrics tracking to assess printing performance
- Potential for streamlined desktop refresh activities

Cost-Savings Summary (\$000s)



One-time Implementation Costs	2,660	-	-	-	-	-	-	-	-	-
Ongoing Savings/Cost Reductions ¹	1,989	1,821	1,951	2,311	4,330	4,516	3,475	3,475	3,475	3,435
TOTAL Benefits	(671)	1,821	1,951	2,311	4,330	4,516	3,475	3,475	3,475	3,435
Cumulative Benefits	(671)	1,150	3,101	5,412	9,742	14,258	17,733	21,208	24,683	28,118

Proposed Performance Measures

- Desktop and thin-client procurement rates and costs
- Paper-cut summaries indicating coverage of networked machines and printing metrics (like simplex/duplex printing etc.)
- Number of local printers supported

Time to Implement¹

- Short: 0-6 Months
- Medium: 6-18 Months
- Long: 18 Months or Longer

Short

Medium

Long

Business Case Summary: IT-04

Timeline										
Key Activity	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Quarter 5	Quarter 6	Quarter 7	Quarter 8	Quarter 9	Quarter 10
"Print Green" Strategy										
Operationalize "Print Green" Strategy			Print Green Transformation							
VDI Architecture Design & Roll-out Strategy										
Build, Test & Pilot (VDI)										
VDI Implementation Waves			Desktop Transformation							

Opportunity Scope	
Within Business Case – Desktop Transformation (VDI) <ul style="list-style-type: none"> Desktop counts and understanding profiles of usage based on central and distributed IT team data Review of software licenses like Microsoft office and VMware, for usage within VDI environments Within Business Case – "Print Green" <ul style="list-style-type: none"> Local and network printer counts and usage patterns based on central and distributed IT team discussions Network printing metrics from Papercut 	Outside of Business Case – Desktop Transformation (VDI) <ul style="list-style-type: none"> UIHC-supported desktops including College of medicine Recommendations on specific VDI solutions or identification of preferred vendors for services Review of business software's for licensing impacts Outside of Business Case – "Print Green" <ul style="list-style-type: none"> UIHC / College of medicine related IT assets Recommendations on specific printing solutions or identification of preferred vendors for services

Assumptions	
Within Business Case – Desktop Transformation (VDI) <ul style="list-style-type: none"> Cost of VDI infrastructure and thin-client devices modeled on existing architecture within the BOR universities Adoption rates for VDI based on review of usage profiles across desktop users, with central & distributed IT teams Infrastructure investment for VDI infrastructure could be funded by reallocating some money otherwise allocated to refreshing desktops. 	Within Business Case – "Print Green" <ul style="list-style-type: none"> Local printer metrics based on self-reported data from central & distributed IT teams from all three universities Printer and desktop refresh rates modeled based on self-reported frequencies Sufficiency of network printers for most users Reduction of paper through some redirection to digital printing is not assumed, but could be an opportunity

Activity Details
<ul style="list-style-type: none"> "Print Green" Strategy - Determine university-specific incentives & measures to help reduce local printer usage, and reduce paper consumption for printing Operationalize "Print Green" Strategy - Roll-out communications, incentives and measures, and setup periodic performance reporting controls VDI Architecture Design & Roll-out Strategy - Determine the best target VDI architecture¹ for UNI and SUI, and determine target sets of users for roll-out waves Build, Test & Pilot (VDI) - Prior to production roll-outs VDI Implementation Waves – Production waves across various categories of users

Potential Issues/Risks
<ul style="list-style-type: none"> Change resistance from current desktop users, who may have insufficient information about thin-client devices Change resistance from local printer users, who may not be aware of benefits of using network printers Need to account for total cost of acquisition and ownership of desktops across the entire system – as savings needs to be determined across the total cost spend on desktops / printers, regardless of funding entity Detailed software licensing impacts and mitigation strategies related to desktop virtualization The investment profile for VDI infrastructure may be lumpy, and will need to be determined during design

Next Steps
<ul style="list-style-type: none"> Develop "Print Green" Strategy across the universities Develop VDI architecture, and refine VDI user profiles - to determine target set of users for roll-out waves Refine inventory and TCO for desktops and printers across each university to ensure full coverage Refine investment profile taking into account VDI design

IT-04: Business Case Details - UNI

All figures in \$000	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Total	Assumptions
One-time Implementation Costs												
Vendor Costs	600	0	0	0	0	0	0	0	0	0	600	Cost estimate includes professions services fees to design and stand up VDI implementation and determine desktop transformation waves & plans
Technology Costs ¹	120	0	0	0	0	0	0	0	0	0	120	Infrastructure contingency amount to support a small-scale VDI pilot, to test the solution performance and reliability; Also included some training costs
Total	720	0	0	0	0	0	0	0	0	0	720	
Net Cost Reduction / Saving ²												
"Print Green" ^{#2,3}	65	72	79	149	149	149	149	149	149	149	1,259	Difference between Status Quo and "Print Green" costs. Status Quo factors include Network Printer (Duplex / Simplex) Page Counts, Local Printer Refresh, Local Printer Paper, and Network Printer Paper costs. "Print Green" assumes that the percentage of Network Printer Duplex Jobs increases to 85%. Other "Print Green" factors include Local Printer Refresh, Local Printer Paper, and Network Printer Paper costs.
Desktop Transformation (VDI) ²	211	225	238	251	199	512	346	346	346	251	2,925	Difference between Status Quo and Desktop Transformation (VDI) costs. Status Quo factors include Desktop Refresh and Power Costs. Desktop Transformation (VDI) factors include VDI Conversion counts, Desktop Refresh, Thin Client, Server, Storage, Licensing, and Power costs.
Total	276	297	317	400	348	661	495	495	495	400	4,184	
Impact	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10		
Annual benefit	(444)	297	317	400	348	661	495	495	495	400	3,464	
Cumulative benefit	(444)	(147)	170	570	918	1,579	2,074	2,569	3,064	3,464		
Payback Period (in months)	30											

¹ Infrastructure to support a VDI environment could be procured using money otherwise allocated for refreshing desktops.
 ² Ongoing savings shown is net of incremental investment required every year and savings accruing from this initiative in that year
 ³ Thin client devices provide significant power / utility savings over traditional desktops. The cost of power is assumed constant, but if this cost increases over time, the benefits could increase proportionally as well

IT-04: Business Case Details - ISU

All figures in \$000	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Total	Assumptions
One-time Implementation Costs												
Vendor Costs	700	0	0	0	0	0	0	0	0	0	700	Cost estimate includes professions services fees to scale up the current VDI implementation and determine desktop transformation waves & plans Infrastructure contingency amount to support an extended small-scale VDI pilot to test the solution performance and reliability – though ISU already has VMWare technology in place. Put in place should a different technology be tested for the future; Also included some training costs
Technology Costs ¹	220	0	0	0	0	0	0	0	0	0	220	
Total	920	0	0	0	0	0	0	0	0	0	920	
Net Cost Reduction / Saving ⁴												
"Print Green" ^{2,4,5}	285	276	304	386	386	386	386	386	386	386	3,567	Difference between Status Quo and "Print Green" costs. Status Quo factors include Network Printer (Duplex / Simplex) Page Counts, Local Printer Refresh, Local Printer Paper, and Network Printer Paper costs. "Print Green" assumes that the percentage of Network Printer Duplex Jobs increases to 85%. Other "Print Green" factors include Local Printer Refresh, Local Printer Paper, and Network Printer Paper costs.
Desktop Transformation (VDI) ^{3,4}	902	673	707	741	1,740	1,686	1,265	1,265	1,265	1,282	11,526	Difference between Status Quo and Desktop Transformation (VDI) costs. Status Quo factors include Desktop Refresh and Power Costs. Desktop Transformation (VDI) factors include VDI Conversion counts, Desktop Refresh, Thin Client, Server, Storage, Licensing, and Power costs.
Total	1,187	949	1,011	1,127	2,126	2,072	1,651	1,651	1,651	1,668	15,093	
Impact	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10		
Annual benefit	267	949	1,011	1,127	2,126	2,072	1,651	1,651	1,651	1,668	14,173	
Cumulative benefit	267	1,216	2,227	3,354	5,480	7,552	9,203	10,854	12,505	14,173		
Payback Period (in months)	9											

¹Additional Infrastructure to support expansion of the existing VDI environment at ISU could be procured using some of the money otherwise allocated for refreshing desktops.

²Savings are greater for the "Print Green" strategy due to a more modest level of duplex printing currently and a relatively high printed page count

³Savings are greater for the Desktop Transformation due to the existing VDI infrastructure in place already

⁴Ongoing savings shown is net of incremental investment required every year and savings accruing from this initiative in that year

⁵Thin client devices provide significant power / utility savings over traditional desktops. The cost of power is assumed constant, but if this cost increases over time, the benefits could increase proportionally as well

IT-04: Business Case Details - SUI

All figures in \$000	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Total	Assumptions
One-time Implementation Costs												
Vendor Costs	800	0	0	0	0	0	0	0	0	0	800	Cost estimate includes professions services fees to design and stand up VDI implementation and determine desktop transformation waves & plans
Technology Costs ¹	220	0	0	0	0	0	0	0	0	0	220	Infrastructure contingency amount to support a small-scale VDI pilot, to test the solution performance and reliability; Also included some training costs
Total	1020	0	0	0	0	0	0	0	0	0	1,020	
Net Cost Reduction / Saving ²												
"Print Green" ^{2,3}	113	125	137	262	262	262	262	262	262	262	2,209	Difference between Status Quo and "Print Green" costs. Status Quo factors include Network Printer (Duplex / Simplex) Page Counts, Local Printer Refresh, Local Printer Paper, and Network Printer Paper costs. "Print Green" assumes that the percentage of Network Printer Duplex Jobs increases to 85%. Other "Print Green" factors include Local Printer Refresh, Local Printer Paper, and Network Printer Paper costs.
Desktop Transformation (VDI) ²	413	450	486	522	1,594	1,521	1,067	1,067	1,067	1,105	9,292	Difference between Status Quo and Desktop Transformation (VDI) costs. Status Quo factors include Desktop Refresh and Power Costs. Desktop Transformation (VDI) factors include VDI Conversion counts, Desktop Refresh, Thin Client, Server, Storage, Licensing, and Power costs.
Total	526	575	623	784	1,856	1,783	1,329	1,329	1,329	1,367	11,501	
Impact	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10		
Annual benefit	(494)	575	623	784	1,856	1,783	1,329	1,329	1,329	1,367	10,481	
Cumulative benefit	(494)	81	704	1,488	3,344	5,127	6,456	7,785	9,114	10,481		
Payback Period (in months)	23											

¹ Infrastructure to support a VDI environment could be procured using money otherwise allocated for refreshing desktops.

² Ongoing savings shown is net of incremental investment required every year and savings accruing from this initiative in that year

³ Thin client devices provide significant power / utility savings over traditional desktops. The cost of power is assumed constant, but if this cost increases over time, the benefits could increase proportionally as well

Business Case Overview: IT-03

Business Case ID	Description
IT-03 Streamlining the Applications Landscape	<ul style="list-style-type: none">▪ Identify key areas of similarity and differentiation across the overall applications landscape, and determine strategies for potential technology simplification through active ongoing architectural governance and/or active applications streamlining projects▪ Potential cost savings sources for applications (where it makes sense) could include:<ul style="list-style-type: none">▪ Reducing the diversity of applications▪ Potentially migrating from vended to open source / lower cost solutions▪ Pooling or reducing software licensing & maintenance fees▪ Combining foundational architecture design, pilots, requirements, and implementation efforts▪ Cross-supporting ongoing operational activity

Current State Landscape & Challenges:

- **Limited Visibility of Applications Landscape and Total Cost of Ownership (TCO):** Across the three universities, an integrated applications inventory was not available, and such a process had not been operationalized. Over the past few weeks, a preliminary inventory was created, documenting 700+ key applications across the universities, which was used as a foundation for the analysis for this business case.
- **Overlapping Applications:** Instances of overlapping applications were seen supporting similar business capabilities like help desk and ticketing, collaboration, facilities mgmt., IT infrastructure and utility tools, etc. The applications inventory (developed in Phase 2) contains a list for future reference and use with ongoing governance efforts.
- **Opportunistic Cross-University Governance:** Cross-university collaboration does occur albeit mostly in an opportunistic manner. However, better architectural governance can lead to a reduction in the cost of applications procured and supported.
- **Varied Applications Landscape and Differing Methodologies on Build vs. Buy:** Review of the major enterprise systems revealed that each university approaches their applications landscape in different ways. For example, UNI consists mostly of vended packages for enterprise systems, while ISU relies more on legacy custom developed applications. SUI has a hybrid of vended and custom applications. These differing methodologies present constraints in simplifying and cross-leveraging components of the applications landscape across the universities. However, for significant new development, both ISU and SUI utilize Java as the primary platform, indicating common development practices.

Business Case Overview: IT-03

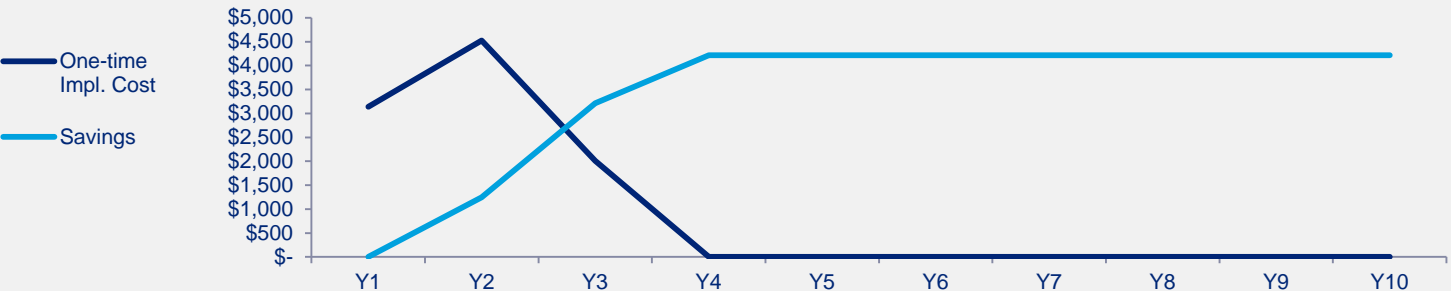
Future State Solution

- **Operationalize an applications portfolio management process** – to keep the applications inventory updated, and enhance it over time, to support governance efforts for the future
- **Institute a formal Governance Mechanism for applications architecture discussions** – Consider the use of a CIO Council for coordinating with respective University IT leaders and key IT stakeholders to establish a strategic future-state applications roadmap, and for brokering ongoing discussions on streamlining the applications landscape
- **Institute Active Governance** efforts to streamline the applications portfolio within key areas, like Infrastructure & Operations IT, Learning Management, Library Management, Facilities Management etc. over the next 1-3 years. This governance will require IT and functional leaders to move towards consensus on standardizing on key applications across these areas, so that architectural, licensing, and implementation savings can be achieved
- **Institute Active Project Opportunities** to streamline the applications portfolio, where projects can be initiated to consolidate the portfolio by migrating to applications with lower cost TCO without sacrificing key functionality. One area for consideration could be the student information systems at ISU. Maui Student or PeopleSoft Campus Solution or others could potentially be viable options - a fit-gap analysis should be conducted to assess trade-offs
- **Enhance business case discipline for future ADM (Applications Development and Maintenance) projects**

Expected Qualitative Benefits

- Ease of information access and sharing due to similar applications and business intelligence stack
- Reduced single points of failure in resource-constrained teams by building knowledge-sharing capabilities across the universities
- Increased agility and modernization of the applications landscape
- Better ongoing alignment of technology capabilities within the universities to changing demands of the BOR and target audiences
- Enhanced visibility to applications landscape and TCO – over the medium and long-term

Cost-Savings Summary (\$000s)



One-time Implementation Costs	3,135	4,525	2,006	-	-	-	-	-	-	-
Ongoing Savings / Cost Reductions	0	1,247	3,215	3,215	4,215	4,215	4,215	4,215	4,215	4,215
TOTAL Benefits	(3,135)	(3,278)	1,209	3,215	4,215	4,215	4,215	4,215	4,215	4,215
Cumulative Benefits	(3,135)	(6,413)	(5,204)	(1,989)	2,226	6,441	10,656	14,871	19,086	23,301

Proposed Performance Measures

- Applications inventory dashboard and heat-map (for instance, provided from the applications inventory tool)
- Applications Costs by Capability areas, including:
 - Software licensing / maintenance costs
 - Application Development & Maintenance costs
 - Infrastructure costs
- Business Value and IT Health of the applications landscape

Time to Implement²

- Short: 1-3 years
- Medium: 3-5 years
- Long: 5-7 years

Short

Medium

Long

Business Case Summary: IT-03

Timeline												
Key Activity	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Quarter 5	Quarter 6	Quarter 7	Quarter 8	Quarter 9	Quarter 10	Quarter 11	Quarter 12
Establish Governance												
Future-State Application Strategy												
Facilities & Library Mgmt.			Active Governance Efforts									
Infrastructure & Learning Mgmt.			Active Governance Efforts									
Student Information Systems ERP							Potential Active Project Effort					

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IT-03: Business Case Details - UNI

All figures in \$000	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Total	Assumptions
One-time Implementation Costs												
Vendor Costs	500	-	-	-	-	-	-	-	-	-	500	Includes initial estimate of professional fees to assist with development of the future-state applications roadmap and strategy, and key system determinations Cost estimate for incremental technology costs which could include work required to move towards more cost effective software licensing agreements, pooled pilots, selections, and infrastructure arrangements. Estimate is high-level and subject to change based on detailed requirements and analysis of applications at technology inflection points
Technology Costs	337	543	-	-	-	-	-	-	-	-	880	
Total	837	543	-	-	-	-	-	-	-	-	1380	
Costs Reduction / Savings												
Net Future State Staffing	-	74	117	117	117	117	117	117	117	117	1,010	Assumes potential change in FTE spend due to some reduced dependency on legacy skillsets, pooling of resource / skillsets for pilot / design / implementation, architecture where possible. Estimate is directional and subject to change during detailed systems assessment / strategy discussions.
Technology Savings	-	173	273	273	273	273	273	273	273	273	2,357	Assumes intra- and inter-university savings in pooling software licensing and infrastructure spend due to streamlined applications portfolio. Estimate is directional and subject to change during detailed systems assessment / strategy discussions.
Capital Project Savings	-	-	-	-	-	-	-	-	-	-	-	
Space & Utilities Savings	-	-	-	-	-	-	-	-	-	-	-	
Other Non-FTE Savings	-	-	-	-	-	-	-	-	-	-	-	
Total	-	247	390	390	390	390	390	390	390	390	3,367	
Impact												
Annual benefit	(837)	(296)	390	390	390	390	390	390	390	390	1,987	
Cumulative benefit	(837)	(1,133)	(743)	(353)	37	427	817	1,207	1,597	1,987		
Payback Period (in months)	58											

IT-03: Business Case Details - ISU

All figures in \$000	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Total	Assumptions
One-time Implementation Costs												
Vendor Costs	700	-	-	-	-	-	-	-	-	-	700	Includes initial estimate of professional fees to assist with development of the future-state applications roadmap and strategy, and key system determinations Cost estimate for incremental technology costs which could include work required to move towards more cost effective software licensing agreements, pooled pilots, selections, and infrastructure arrangements. Estimate is high-level and subject to change based on detailed requirements and analysis of applications at technology inflection points
Technology Costs	398	2,736	2,006	-	-	-	-	-	-	-	5,140	
Total	1,098	2,736	2,006	-	-	-	-	-	-	-	5,840	
Costs Reduction / Savings												
Net Future State Staffing	-	180	488	488	488	488	488	488	488	488	4084	Assumes potential change in FTE spend due to some reduced dependency on legacy skillsets, pooling of resource / skillsets for pilot / design / implementation, architecture where possible. Estimate is directional and subject to change during detailed systems assessment / strategy discussions.
Technology Savings	-	420	1,138	1,138	1,138	1138	1138	1138	1138	1138	9524	Assumes intra- and inter-university savings in pooling software licensing and infrastructure spend due to streamlined applications portfolio. Estimate is directional and subject to change during detailed systems assessment / strategy discussions.
Capital Project Savings	-	-	-	-	-	-	-	-	-	-	-	
Space & Utilities Savings	-	-	-	-	-	-	-	-	-	-	-	
Other Non-FTE Savings	-	-	-	-	-	-	-	-	-	-	-	
Total	-	600	1,626	1,626	1,626	1,626	1,626	1,626	1,626	1,626	13,608	
Impact												
Annual benefit	(1,098)	(2,136)	(380)	1,626	1,626	1,626	1,626	1,626	1,626	1,626	7,768	
Cumulative benefit	(1,098)	(3,234)	(3,614)	(1,988)	(362)	1,264	2,890	4,516	6,142	7,768		
Payback Period (in months)	63											

IT-03: Business Case Details - SUI

All figures in \$000	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Total	Assumptions
One-time Implementation Costs												
Vendor Costs	700	-	-	-	-	-	-	-	-	-	700	Includes initial estimate of professional fees to assist with development of the future-state applications roadmap and strategy, and key system determinations. Cost estimate for incremental technology costs which could include work required to move towards more cost effective software licensing agreements, pooled pilots, selections, and infrastructure arrangements. Estimate is high-level and subject to change based on detailed requirements and analysis of applications at technology inflection points
Technology Costs	500	1,246	-	-	-	-	-	-	-	-	1,746	
Total	1,200	1,246	0	0	0	0	0	0	0	0	2,446	
Costs Reduction / Savings												
Net Future State Staffing	0	120	360	360	660	660	660	660	660	660	4,800	Assumes potential change in FTE spend due to some reduced dependency on legacy skillsets, pooling of resource / skillsets for pilot / design / implementation, architecture where possible. Estimate is directional and subject to change during detailed systems assessment / strategy discussions.
Technology Savings	0	280	839	839	1,539	1,539	1,539	1,539	1,539	1,539	11,192	Assumes intra- and inter-university savings from pooling software licensing, infrastructure spend, maintenance, etc. due to more streamlined applications portfolio. Estimate is directional and subject to change during detailed systems assessment / strategy discussions.
Capital Project Savings	-	-	-	-	-	-	-	-	-	-	-	
Space & Utilities Savings	-	-	-	-	-	-	-	-	-	-	-	
Other Non-FTE Savings	-	-	-	-	-	-	-	-	-	-	-	
Total	-	400	1,199	1,199	2,199	2,199	2,199	2,199	2,199	2,199	15,992	
Impact												
Annual benefit	(1,200)	(846)	1,199	1,199	2,199	2,199	2,199	2,199	2,199	2,199	13,546	
Cumulative benefit	(1,200)	(2,046)	(847)	352	2,551	4,750	6,949	9,148	11,347	13,546		
Payback Period (in months)	45											

IT-01 & IT-02 Business Case Overview and Context

The IT-01 & IT-02 Business cases evaluate ways to streamline the current hybrid IT service delivery model (central ITS teams supported by distributed IT teams) to improve service efficiency, improve accountability, enhance performance reporting, and utilize better technology tools and processes. As part of this analysis, we reviewed the key IT capabilities that are provided by the different IT teams and organizations (for e.g., if a team was providing end-user device support, or conducted server management activities etc.)

Based on our initial analysis, it appears that there could be some opportunities to improve efficiencies within the central ITS and the distributed ITS teams by considering a few methods below:

- Utilizing technology innovations like thin client devices and network printers to simplify end-user device management and help desk management
- Increasing the overall span of control within IT to reach higher levels ranging between 8 & 10 (as a longer-term goal)
- Pooling similar IT capabilities within integrated teams so that accountability for performance and efficiency related to that capability fully falls within that one team
- Reviewing commodity technology services within the hybrid IT service delivery model to determine the future state service model and
- Considering a server room consolidation exercise (where it makes sense)

Business Case Overview: IT-02

Business Case ID	Description
IT-02 Transforming the Central ITS Delivery Model	<ul style="list-style-type: none">▪ Plan for future technology innovations like VDI (Virtual Desktop Infrastructure) or voice and data convergence, which have potential to transform technology organizations▪ Streamline infrastructure and applications capabilities within the ITS organizations where possible, to enable clear roles and responsibilities, and enhance operating efficiencies▪ Transform the central ITS service delivery model into a more flexible, priority-based operating model, by encouraging usage of time-reporting solutions, business-case discipline, broader portfolio priority discussions and potential changes to chargeback models

Current State Landscape and Challenges:

- **Three central ITS teams** – The central IT teams across the three universities contain roughly 500 FTEs across capabilities including (but not limited to) Enterprise Architecture, Application Development & Maintenance, Desktop Management, and Network/Telecommunications.
- **Current spans of control** – Range below 8 across the universities, and can potentially be increased to between 8 & 10 over time
- **Isolated single points of failure** – Some single points of failure were noticed across the three central ITS organizations; Also, upcoming retirements over the next 2-3 years will mean that the ITS organizations will lose valuable talent, related to key areas like ERP systems

Business Case Overview: IT-02

Future State Solution

- **Streamline functions related to support of end-user devices, help desks, infrastructure support etc** – that will benefit from usage of technology innovations. Also, seek to organize related resources so that they report under one team within the ITS organization, and seek to improve span of control over the medium-term
- **Enhance business case discipline** - for future ADM (Applications Development and Maintenance) projects (above a specific threshold) so that ADM resources are spent on projects with positive return or mandatory changes; this will enhance the effectiveness of ADM spend, and potentially lead to some reduction in low-value ADM work
- **Implement and enhance time-reporting and performance reporting practices** - across the ITS teams, to provide management with tools to understand demand patterns and IT value, and thus be able to optimize IT's contributions
- **Potentially cross-support across selected key areas for the three ITS organizations, like Finance or HR ERP support** – that could address the isolated single points of failure seen

Expected Qualitative Benefits

- Improved accountability for central ITS functions and responsibilities
- More clarity for service staff relating to ITS capabilities
- Clear understanding of demand patterns and IT value being returned to the organization
- Enhanced visibility to ITS performance for functional stakeholders across the three universities
- Reduced risk of critical IT operations failures, by mitigation of some single points of failure

Cost-Savings Summary (\$000s)



One-Time Implementation Costs	850	-	-	-	-	-	-	-	-	-
Ongoing Savings/Cost Reductions	745	1,490	1,490	1,490	1,490	1,490	1,490	1,490	1,490	1,490
TOTAL Benefits	(105)	1,490	1,490	1,490	1,490	1,490	1,490	1,490	1,490	1,490
Cumulative Benefits	(105)	1,385	2,875	4,365	5,855	7,345	8,835	10,325	11,815	13,305

Proposed Performance Measures

- Annual IT satisfaction surveys across both Infrastructure and ADM related functions
- Uptime and downtime for key infrastructure services like networks, data centers, and backup services
- Business case reporting against project backlog
- Span of control
- Total labor spend related to in-scope competencies within the ITS organization

Time to Implement

- Short: 0-6 Months
- Medium: 6-18 Months
- Long: 18 Months or Longer

Short

Medium

Long

Business Case Summary: IT-02

Timeline										
Key Activity	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Quarter 5	Quarter 6	Quarter 7	Quarter 8	Quarter 9	Quarter 10
Future-State Organization Design & Planning										
Implement										
Monitor										

Activity Details
<ul style="list-style-type: none"> ▪ Conduct Future-State Organization Design and Planning: Review recommendations for organization structuring, and service delivery, process, and technology changes, and develop action plans ▪ Implement: Implement the designed action plans along with transition / communication strategies and plans ▪ Monitor: Establish continuous process improvement policies, update SLAs and staffing models

Opportunity Scope	
Within Business Case <ul style="list-style-type: none"> ▪ Staff supporting core IT functions, like server management, data center management, help desk, end-user computing, and database mgmt. ▪ IT-related organization structures, reporting lines, activities performed 	Outside of Business Case <ul style="list-style-type: none"> ▪ UIHC IT personnel and expenditures ▪ Talent and performance management processes including changes to compensation systems, recruitment and retention strategies, and new learning and development programs

Potential Issues/Risks
<ul style="list-style-type: none"> ▪ Culture change is critical for the success of this initiative to ensure adoption of new policies and gain buy-in from staff and faculty ▪ Executive level governance and authority is needed for implementing any changes that impact IT processes and policies

Assumptions
<ul style="list-style-type: none"> ▪ IT FTEs identified based on job title, function, and org charts using supplied HR and IT data ▪ IT salary and fringe data was categorized using description provided in IT data extracts ▪ Central IT staff changes factored in is well within annual attrition limits ▪ Attrition rates at the universities will remain constant

Dependencies including Technology
<ul style="list-style-type: none"> ▪ Changes to ITS operating model may impact the IT project backlog ▪ Deploying technology innovations could assist with enhancing efficiencies within the central ITS organizations

Next Steps
<ul style="list-style-type: none"> ▪ Identify opportunity champion among university senior executives to oversee future-state organization design and planning for the ITS teams ▪ Conduct focused assessment at each university to review organizational needs and changes, and develop action plans

IT-02: Business Case Details - UNI

All figures in \$000	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Total	Assumptions
One-time Implementation Costs												
Vendor Costs ¹	200	0	0	0	0	0	0	0	0	0	200	Includes initial estimates of professional services fees to assist with future-state organization design, planning, performance management and business case management, to realize operating efficiencies across the ITS organization
FTE Costs												
Technology Costs												
Training Costs												
Space Costs												
Other Costs												
Total	200	0	0	0	0	0	0	0	0	0	200	
Costs Reduction / Savings												
Net Future State Staffing ²	165	330	330	330	330	330	330	330	330	330	3,135	Potential savings from ITS organizational streamlining / span of control changes, convergence of voice and data technologies, and efficiencies arising from use of technology innovations for the future.
Vendor Savings												
Technology Savings												
Capital Project Savings												
Space & Utilities Savings												
Other Non-FTE Savings												
Total	165	330	330	330	330	330	330	330	330	330	3,135	
Impact	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10		
Annual benefit	(35)	330	330	330	330	330	330	330	330	330	2,935	
Cumulative benefit	(35)	295	625	955	1,285	1,615	1,945	2,275	2,605	2,935		
Payback Period (in months)	14											

¹ Advisory costs associated with pooling central IT resources may be avoided if universities assume ownership

² Central IT change will be factored in well within the attrition limits

IT-02: Business Case Details - ISU

All figures in \$000	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Total	Assumptions
One-time Implementation Costs												
Vendor Costs ¹	300	0	0	0	0	0	0	0	0	0	300	Includes initial estimates of professional services fees to assist with future-state organization design, planning, performance management and business case management, to realize operating efficiencies across the ITS organization
FTE Costs												
Technology Costs												
Training Costs												
Space Costs												
Other Costs												
Total	300	0	0	0	0	0	0	0	0	0	300	
Costs Reduction / Savings												
Net Future State Staffing ²	250	500	500	500	500	500	500	500	500	500	4,750	Potential savings from ITS organizational streamlining / span of control changes, and efficiencies arising from use of technology innovations for the future.
Vendor Savings												
Technology Savings												
Capital Project Savings												
Space & Utilities Savings												
Other Non-FTE Savings												
Total	250	500	500	500	500	500	500	500	500	500	4,750	
Impact	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10		
Annual benefit	(50)	500	500	500	500	500	500	500	500	500	4,450	
Cumulative benefit	(50)	450	950	1,450	1,950	2,450	2,950	3,450	3,950	4,450		
Payback Period (in months)	14											

¹ Advisory costs associated with pooling central IT resources may be avoided if universities assume ownership

² Central IT change will be factored in well within the attrition limits

IT-02: Business Case Details - SUI

All figures in \$000	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Total	Assumptions
One-time Implementation Costs												
Vendor Costs ¹	350	0	0	0	0	0	0	0	0	0	350	Includes initial estimates of professional services fees to assist with future-state organization design, planning, performance management and business case management, to realize operating efficiencies across the ITS organization
FTE Costs												
Technology Costs												
Training Costs												
Space Costs												
Other Costs												
Total	350	0	0	0	0	0	0	0	0	0	350	
Costs Reduction / Savings												
Net Future State Staffing ²	330	660	660	660	660	660	660	660	660	660	6,270	Potential savings from ITS organizational streamlining / span of control changes, enabling the convergence of voice and data, and efficiencies arising from use of technology innovations for the future.
Vendor Savings												
Technology Savings												
Capital Project Savings												
Space & Utilities Savings												
Other Non-FTE Savings												
Total	330	660	660	660	660	660	660	660	660	660	6,270	
Impact	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10		
Annual benefit	(20)	660	660	660	660	660	660	660	660	660	5,920	
Cumulative benefit	(20)	640	1,300	1,960	2,620	3,280	3,940	4,600	5,260	5,920		
Payback Period (in months)	13											

¹ Advisory costs associated with pooling central IT resources may be avoided if universities assume ownership

² Central IT change will be factored in well within the attrition limits

Business Case Overview: IT-01

Business Case ID	Description
IT-01 Transforming the Distributed IT landscape	<ul style="list-style-type: none">• Strengthen collaboration between the distributed and central IT teams to streamline the delivery of commodity technology services within each university• Plan for future technology innovations like VDI (Virtual Desktop Infrastructure) or “Print Green”, which have potential to transform technology organizations• Specialized capabilities like business intelligence / reporting solutions and proprietary applications development remain the focus of the distributed IT teams• Enhance SLA and performance reporting to proactively report on service levels and address key issues or concerns with responsiveness

Current State Landscape and Challenges:

- **Hybrid IT Service Delivery Model** – IT services are delivered via a central ITS group and also through distributed IT groups within the various college and administrative departments, within each university. 56 distributed IT teams were identified through self-reported data spanning 440 team members
- **Overlaps of common IT services within the Delivery Model** – Duplication seen in more infrastructure-related services such as desktop management, server management, help desk support, security mgmt. etc. These costs can be redirected where pooling can help provide the services more efficiently due to scale, as well as more consistent processes, tools, and the use of technology innovations for the future
- **Locally administered server rooms** – A number of locally-administered server rooms were noted from self reported data provided by the distributed IT teams. Moving some of these assets to central data centers could help reduce the risk of security breaches and improve server management functions
- **Enterprise architecture discipline** – The current model creates challenges in effectively managing the university enterprise architecture as many IT teams have some control over what applications they can develop and support for use within their colleges and departments, which can tend to increase the total cost of ownership (TCO) of technology over time

Business Case Overview: IT-01

Future State Solution

- **Leverage pooled IT support** - for more common infrastructure related capabilities such as server management, end-user support, help desk and network management to address duplication of effort found currently across IT, as well as to organize for the usage of technology innovations like desktop virtualization and “print-green” initiatives
- **Focus distributed groups on supporting more specialized capabilities** - such as those important for research (e.g. High Performance Computing and data analytics / reporting) and local applications development / business intelligence etc.
- **Continue to leverage** institutional knowledge and skills of key distributed IT personnel where it makes sense either in the central ITS organization or the distributed group so that service levels to university stakeholders remains high
- **Bolster performance management within the central teams** - through improved reporting for better communication to stakeholders and to meet agreed upon service levels for supported capabilities
- **Enhance SLA and performance reporting within distributed IT teams** - to proactively report on services provided and service levels achieved; Adopt time-reporting practices so that teams can rebalance resources to higher priority needs

Expected Qualitative Benefits

- Ability for distributed IT groups to focus on more strategic or specialized support activities
- Improved enterprise architecture with enhanced coordination between the IT teams so that more visibility is available w.r.t the IT environment of the universities
- Enhanced performance management within IT teams to improve responsiveness and adherence to SLAs
- Enhanced data safeguards

Cost-Savings Summary (\$000s)



One-time Implementation Costs	2,030	-	-	-	-	-	-	-	-	-
Ongoing Savings / Cost Reductions	2,436	4,872	4,872	4,872	4,872	4,872	4,872	4,872	4,872	4,872
TOTAL Benefits	406	4,872	4,872	4,872	4,872	4,872	4,872	4,872	4,872	4,872
Cumulative Benefits	406	5,278	10,150	15,022	19,894	24,766	29,638	34,510	39,382	44,254

Proposed Performance Measures

- Number of IT teams providing commodity infrastructure services
- Total cost of ownership (TCO) for commodity infrastructure services
- Periodic IT satisfaction surveys
 - Help desk metrics
 - Desktop / End User Computing metrics

Time to Implement

- Short: 0-6 Months
- Medium: 6-18 Months
- Long: 18 Months or Longer

Short

Medium

Long

Business Case Summary: IT-01

Timeline ¹												
Key Activity	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Quarter 5	Quarter 6	Quarter 7	Quarter 8	Quarter 9	Quarter 10	Quarter 11	Quarter 12
Design												
Implement												
Server Room Transformation												
Optimize / Revise												

Opportunity Scope

Within Business Case

- Includes distributed IT teams self-identified through provided data within each university
- Estimates of IT capabilities based on data provided and discussions conducted
- Includes server rooms administered locally by distributed IT teams

Outside of Business Case

- UIHC IT personnel and expenditures
- Student employees within the distributed groups were not considered
- Open positions within distributed groups where a search is ongoing to fill a vacancy

Assumptions

- Efficiency factors were based on extent of overlap of capabilities within the IT delivery model
- Attrition rates at the universities will remain constant
- Team members within distributed teams are relatively fungible, to support other teams if attrition occurs

Dependencies including Technology

- Adherence to SLAs after transition to achieve high customer satisfaction
- Change management plan and support required to execute the plan
- Deploying technology innovations could assist with enhancing efficiencies within the IT teams

Activity Details

- **Design:** Perform a detailed resource allocation analysis for the distributed IT model. Evaluate ability for central ITS organizations to support commodity services
- **Implement:** Update operating models and team services. Review and update job descriptions as needed
- **Server Room Transformation:** Leverage current server room inventory to develop migration plan. Agree on any chargeback or costs incurred by central ITS
- **Optimize / Revise:** Review appropriate SLAs for more common IT capabilities. Enhance performance management for central ITS and monitor key SLAs

Potential Issues/Risks

- Loss of key personnel in distributed groups with specialized or institutional knowledge
- Change management necessary to have distributed IT groups and leaders leverage pooled IT services
- Bandwidth or capacity of staff within the central ITS organizations to support increased demand
- Sources of funds reduces incentives for streamlining as grant dollars must be spent within the college or department on research activities / supporting technology

Next Steps

- Perform a detailed resource allocation analysis for the distributed IT model
- Determine appropriate levels of support and operating model structure for pooled IT teams
- Establish necessary change management principles and guidelines with support from human resources

IT-01: Business Case Details - UNI

All figures in \$K US	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Total	Assumptions
One-time Implementation Costs												
Vendor Costs	300	-	-	-	-	-	-	-	-	-	300	Includes initial estimate of professional fees to assist with resource allocation analysis and high level process redesign and organization realignment
Technology Costs	-	-	-	-	-	-	-	-	-	-	-	
Training Costs	50	-	-	-	-	-	-	-	-	-	50	Proposed professional development costs
Space Costs	-	-	-	-	-	-	-	-	-	-	-	
Other Costs	-	-	-	-	-	-	-	-	-	-	-	
Total	350	-	-	-	-	-	-	-	-	-	350	
Costs Reduction / Savings												
Net Future State Staffing ¹	240	480	480	480	480	480	480	480	480	480	4,560	Savings assume changes to future state staffing of 6 FTEs, 15% of the baseline staff of 40 distributed FTEs. Spread over two years the change can be addressed through natural attrition across the distributed and central IT teams. Initial savings estimates are based on an IT capability analysis and could change based on a resource allocation analysis
Vendor Savings	-	-	-	-	-	-	-	-	-	-	-	
Technology Savings	4	8	8	8	8	8	8	8	8	8	76	Savings from technology / support costs associated with personnel changes including individual workstations and other attributable technology costs
Capital Project Savings	-	-	-	-	-	-	-	-	-	-	-	
Space & Utilities Savings	-	-	-	-	-	-	-	-	-	-	-	
Other Non-FTE Savings	-	-	-	-	-	-	-	-	-	-	-	
New Revenue	-	-	-	-	-	-	-	-	-	-	-	
Total	244	488	488	488	488	488	488	488	488	488	4,636	
Impact												
Annual benefit	(106)	488	488	488	488	488	488	488	488	488	4,286	
Cumulative benefit	(106)	382	870	1358	1846	2334	2822	3310	3798	4286		
Payback Period (in months)	15											

IT-01: Business Case Details - ISU

All figures in \$K US	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Total	Assumptions
One-time Implementation Costs												
Vendor Costs	500	-	-	-	-	-	-	-	-	-	500	Includes initial estimate of professional fees to assist with resource allocation analysis and high level process redesign and organization realignment
Technology Costs	-	-	-	-	-	-	-	-	-	-	-	
Training Costs	180	-	-	-	-	-	-	-	-	-	180	Proposed professional development costs
Space Costs	-	-	-	-	-	-	-	-	-	-	-	
Total	680	-	-	-	-	-	-	-	-	-	680	
Costs Reduction / Savings												
Net Future State Staffing ¹	750	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	14,250	Savings assume changes in future state staffing of 20 FTEs, 17% of the baseline staff of 118 distributed FTEs. Spread over two years the change can be addressed through natural attrition across the distributed and central IT teams. Initial savings estimates are based on an IT capability analysis and could change based on a resource allocation analysis
Vendor Savings	-	-	-	-	-	-	-	-	-	-	-	
Technology Savings	14	28	28	28	28	28	28	28	28	28	266	Savings from technology / support costs associated with personnel changes including individual workstations and other attributable technology costs
Capital Project Savings	-	-	-	-	-	-	-	-	-	-	-	
Space & Utilities Savings	-	-	-	-	-	-	-	-	-	-	-	
Other Non-FTE Savings	-	-	-	-	-	-	-	-	-	-	-	
New Revenue	-	-	-	-	-	-	-	-	-	-	-	
Total	764	1,528	1,528	1,528	1,528	1,528	1,528	1,528	1,528	1,528	14,516	
Impact												
Annual benefit	84	1,528	1,528	1,528	1,528	1,528	1,528	1,528	1,528	1,528	13,836	
Cumulative benefit	84	1,612	3,140	4,668	6,196	7,724	9,252	10,780	12,308	13,836		
Payback Period (in months)	11											

IT-01: Business Case Details - SUI

All figures in \$K US	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Total	Assumptions
One-time Implementation Costs												
Vendor Costs	700	-	-	-	-	-	-	-	-	-	700	Includes initial estimate of professional fees to assist with resource allocation analysis and high level process redesign and organization realignment
Technology Costs	-	-	-	-	-	-	-	-	-	-	-	
Training Costs	300	-	-	-	-	-	-	-	-	-	300	Proposed professional development costs
Other Costs	-	-	-	-	-	-	-	-	-	-	-	
Total	1,000	-	-	-	-	-	-	-	-	-	1,000	
Costs Reduction / Savings												
Net Future State Staffing ^{1,2}	1,400	2,800	2,800	2,800	2,800	2,800	2,800	2,800	2,800	2,800	26,600	Savings assume changes to future state staffing of 35 FTEs, 12% of the baseline staff of 291 distributed FTEs. Spread over two years the change can be addressed through natural attrition across the distributed and central IT teams. Initial savings estimates are based on an IT capability analysis and could change based on a resource allocation analysis
Vendor Savings	-	-	-	-	-	-	-	-	-	-	-	
Technology Savings	28	56	56	56	56	56	56	56	56	56	532	Savings from technology / support costs associated with personnel changes including individual workstations and other attributable technology costs
Capital Project Savings	-	-	-	-	-	-	-	-	-	-	-	
Space & Utilities Savings	-	-	-	-	-	-	-	-	-	-	-	
Other Non-FTE Savings	-	-	-	-	-	-	-	-	-	-	-	
New Revenue	-	-	-	-	-	-	-	-	-	-	-	
Total	1,428	2,856	2,856	2,856	2,856	2,856	2,856	2,856	2,856	2,856	27,132	
Impact												
Annual benefit	428	2,856	2,856	2,856	2,856	2,856	2,856	2,856	2,856	2,856	26,132	
Cumulative benefit	428	3,284	6,140	8,996	11,852	14,708	17,564	20,420	23,276	26,132		
Payback Period (in months)	9											

¹Assumes an annual attrition of 8.50% based on HR data

²Administrative staff that report up through the Carver College of Medicine were included in the baseline assessment. Due to the fact that College of Medicine staff are often supported by UIHC ITS, potential changes to Carver College of Medicine will need to be further assessed during design. Due to the complexity of the integration, College of Medicine could be evaluated last, after the approach has been proven in other areas of the organization.

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10/1/2014

Potential Information Technology Operating Model Changes

The potential IT operating model changes listed below could help to enhance operating efficiencies and effectiveness of overall technology services provided across the three universities, and form the foundation for the different IT business cases discussed within this document

Organizing Structure

- **Retain the hybrid IT operating model (central and distributed) but rebalance capabilities** – Enhance collaboration between Central ITS and Distributed IT teams for commodity infrastructure services, like end user support, help desk, server management., security management. etc.; Keep majority of capabilities such as web development, unique applications development and business intelligence / reporting within the distributed teams
- **Periodically review organizational design** – The IT organizations across the three universities could set a goal of achieving a span of control between 8 – 10 to further increase managerial efficiency; Overlaps related to similar IT capabilities should be reviewed to increase the span of control over the medium-term, and to organize to better support the use of technology innovations in the future

Governance

- **Develop a cross-university governance mechanism to clarify technology decision making and enhance collaboration** – by instituting a CIO council composed of university CIOs and potentially Board staff for active governance¹ across the three universities and utilizing a strategic dashboard to review progress periodically; Topics of discussion to include strategic planning, applications and infrastructure architecture, information security, cross-skilling of staff, and procurement
- **Enhance Business Case discipline** – Specifically with regard to larger IT projects, so that IT resources can be spent on value enhancing activities, and tangible return from these activities can be cataloged and reported on; Business cases suggested here should include quantification of key cost and benefit elements that would be expected during implementation of the proposed projects

¹ **Definition: Active Governance** is a process whereby IT and functional leaders discuss and drive towards consensus on using a standard set of applications (“service catalog”) to achieve architectural, licensing, skill-set and implementation savings

Potential Information Technology Operating Model Changes (continued)

Governance (Continued)

- **Institute a formal and consistent technology strategic planning process** – Institute technology strategy planning across all three universities, where the central ITS teams use the same annual process to develop a robust technology strategic plan, with elements of these plans being coordinated with each other. It is also recommended that larger distributed IT teams contribute to this strategic planning process (please see slide titled: “Enhancing the IT Strategic Planning Process” for more details on suggested process)

People, Process, & Technology

- **Adopt and strengthen time-keeping practices** – Implement time keeping within the central¹ and distributed IT teams, so that demand-based practices can be gradually adopted
- **Strengthen operations support tools & processes** – Strengthen and standardize tools and processes, including the consistent use of enterprise-class help desk tools, backup tools, performance reporting solutions etc.

Financial and Performance Management

- **Enhance IT financial and project portfolio visibility** – by encouraging central and distributed IT teams to periodically report IT financials and project portfolio status to the Board and the CIO Council; Empower ITS financial managers to gather university-wide IT financial information for use by university leadership and the Board of Regents
- **Enhance active and periodic reporting of IT performance** – Enhance reporting, including number of help desk incidents, resolution times, project portfolio compositions and priorities etc – by both central and distributed IT teams
- **Revisit Applications Development and Maintenance (ADM) chargeback scheme in the medium-term** – While the three universities prefer a simpler IT chargeback scheme (which is understandable given the perceived overhead of more complex schemes), it is recommended that a chargeback mechanism for all ADM work be reviewed in the medium-term, if business case discipline has not been enhanced by then. This will help reduce the number of lower-value requests for ADM work, and truly focus ITS on the higher value projects

¹ SUI ITS has adopted time-keeping practices in 2014

Enhancing the IT Strategic Planning Process

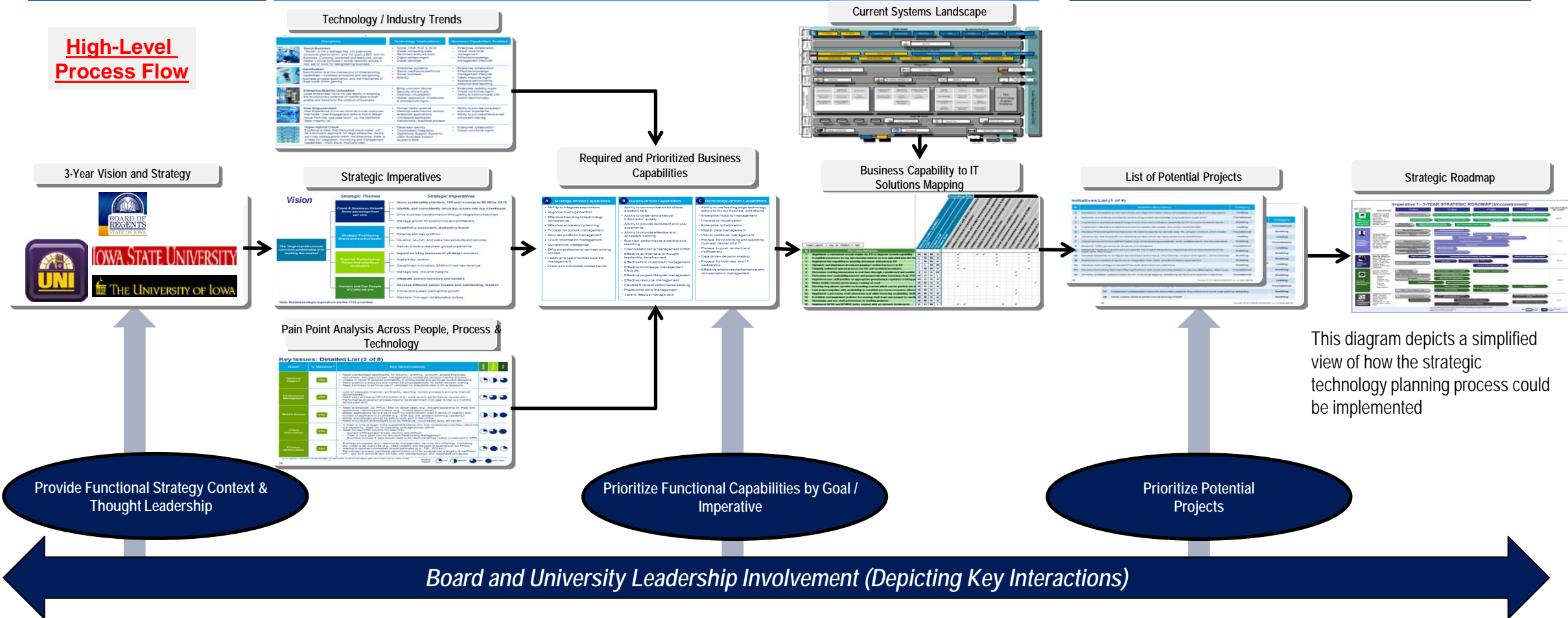
A visible and robust strategic planning process can help determine how to best use technology to enable future-state strategies and goals – both within the three universities and across the three universities, and provide greater clarity to IT's stakeholders

Phase 1 – Current State Assessment

Phase 2 – Future-State Vision and Needs Prioritization

Phase 3 – Roadmap Development

High-Level Process Flow



This diagram depicts a simplified view of how the strategic technology planning process could be implemented

Future State Considerations

The future state Information Technology function will use clearly defined roles and responsibilities, and enhanced governance structures in order to provide more efficient services across campus, while paving the way for lower technology TCO (total cost of ownership).

Current State	Future State	Implementation Considerations
Governance <ul style="list-style-type: none">University wide IT committees meet regularly to provide guidance and input into technology prioritization and policy changesProject priority discussions between central and distributed IT teams are opportunistic in natureSome SLAs exist between IT and stakeholders	Governance <ul style="list-style-type: none">Enhance the inter-university governance structure to ensure clarity of roles, responsibilities between central and distributed unitsInstitute a cross-university CIO Council (with a clear charter, membership, and scope of decision making) to facilitate long-term technology strategy development, collaboration, and communication across the three central ITS teams	Governance <ul style="list-style-type: none">Selection process for council members needs to be determined (e.g., member size, representation. etc.)Prioritization of activities both within and across schools and central to ensure realization of strategic objectives and allocation of resources
People, Process & Technology <ul style="list-style-type: none">Current model is a hybrid between central and distributed IT teams; Some dedicated IT staff reside in colleges or departmentsDecentralized nature of IT support for certain infrastructure capabilities like end-user computing or server mgmt. makes it difficult to adequately enhance efficiencies in service deliveryHelp desk technologies vary widely, from manual (paper-based) to enterprise-class help desk toolsSome use of time-reporting is in place, but has not been used	People, Process & Technology <ul style="list-style-type: none">Align skills with roles and responsibilities to ensure staff are adequately equipped to perform job functionsFor certain key transactional activities, reduce the redundancies across campus to improve service delivery efficiencyImplement key technology to increase automation and efficiency (i.e., Help Desk systems, Time-tracking systems etc.)Appoint a university-wide applications architect, who will be responsible for inventorying key applications, supported capabilities and TCO – within each university. The architect will also support cross-university architecture discussions, and this will likely be an added responsibility for an existing role within the ITS teams	People, Process & Technology <ul style="list-style-type: none">Process redesign will be required in key areas, like end-user consulting and IT help desksTechnology requirements will need to be implemented in order to gain full efficiencies for capabilities like IT help desks across campusBroader leadership input on institutional risk tolerance and approach to reviewing IT needs will be needed

Future State Considerations (cont.)

Current State	Future State	Implementation Considerations
<p>Structure</p> <ul style="list-style-type: none"> ▪ The current structure is a hybrid model with central ITS teams, supported by distributed IT teams at each university ▪ Each of the central ITS teams has teams related to administrative and educational applications development, infrastructure and operations support, and IT administrative/CIO support ▪ Current spans of control for the ITS organizations range below 7, on average ▪ The distributed teams typically range from 2 to 25 FTEs providing functions like end-user computing and consulting, server management, proprietary applications development, and business intelligence support. The spans of control typically range between 2 & 5 in most cases. 	<p>Structure</p> <ul style="list-style-type: none"> ▪ While no changes are suggested to the current hybrid model, it is recommended that more infrastructure commodity services like end-user support and consulting, and help desk support be reviewed for provision from central ITS teams – however, with distributed locations for these teams ▪ Realign some teams within central ITS so that infrastructure staff can report to one line of authority and hence enhance the level of efficiency for these functions ▪ Seek to potentially increase spans of control to between 8 & 10; Review each group within the ITS organizational structure so they have a well defined lead or manager to organize the work in that group 	<p>Structure</p> <ul style="list-style-type: none"> ▪ Additional resource allocation analysis is required to determine movement of staff ▪ In scope capabilities for organization refinement need to reviewed with key technology leaders ▪ The physical location of staff in some cases may not change, but needs to be reviewed during the design process
<p>Financial & Performance Management</p> <ul style="list-style-type: none"> ▪ Lack of Service Level Agreements (SLAs) being tracked ▪ Tracking of Key Performance Indicators (KPIs) is often ad hoc ▪ Unclear how departmental financial decisions tie to University Strategic Plan 	<p>Financial & Performance Management</p> <ul style="list-style-type: none"> ▪ Develop SLAs between Central ITS, units and departments, and stakeholders so that roles and expectations are clear ▪ Track KPIs consistently so performance can be measured ▪ Central ITS provides additional guidance on budgeting and strategic financial decision making at the unit level 	<p>Financial & Performance Management</p> <ul style="list-style-type: none"> ▪ Need to determine who will own development of comprehensive SLAs and reporting process ▪ Need to ensure availability of accurate data to track KPIs ▪ Need to determine who will own periodic compilation of total cost of IT across each university

Facilities Operating Model and Business Cases

Operating Model Key Changes

The changes proposed to the operating models focus on formalizing the identification, monitoring, and reporting of energy management initiatives.

- Enhanced governance: Project developers should meet regularly with Facilities Management and key non-Facilities Management stakeholders to ensure savings estimates are accurate and targets are being met
- Defined project management personnel: Regular meetings can be held internally among Facilities, Utilities, Energy Management, and Sustainability to ensure project milestones are met and momentum maintained
- Formalized project identification: Projects should be identified through periodic energy audits and commissioning studies
- Developed prioritization criteria: Projects should be prioritized for implementation based on simple payback, size, urgency and bundling considerations
- Defined performance metrics: Projects should be measured and energy reductions verified and monitored to guide and benchmark performance and energy consumption
- Increased impact from investments: An energy management fund could be established to enable a holistic perspective on energy management investments, initiative management and savings determination
- Engaged stakeholders: Two-way communication with faculty, staff and students should be ongoing

Future State Considerations

Current State	Future State	Implementation Considerations
Governance <ul style="list-style-type: none"> There is no official governing body related to energy management projects 	Governance <ul style="list-style-type: none"> Establish a formal energy management committee with membership from Facilities Management, Energy Management and Utilities Ensure savings estimates are accurate and targets met through regular consultations with facilities staff and key stakeholders Hold regular meetings to ensure that project milestones are met and momentum is maintained 	Governance <ul style="list-style-type: none"> Determine cadence and reporting requirements for the energy management committee and meetings with key stakeholders Determine approval process for energy projects Identify individuals to participate in formal committee
People, Process & Technology <ul style="list-style-type: none"> Energy savings projects are implemented as funds and resources become available Some energy project bundling takes place 	People, Process & Technology <ul style="list-style-type: none"> Energy projects are identified through periodic commissioning studies and energy audits Identified energy projects are prioritized and added to a project backlog Energy projects are bundled based on need and location, and are implemented as part of a coordinated energy management effort Formalize energy management responsibilities for existing staff or hire energy contractors or staff if the potential benefit and urgency of energy projects justifies it, and if funding is available 	People, Process & Technology <ul style="list-style-type: none"> Continuously refine prioritization criteria for identified energy projects Continuously refine methodology for bundling energy projects Determine whether additional energy contractors or staff are required

Future State Considerations (cont.)

Current State	Future State	Implementation Considerations
Structure <ul style="list-style-type: none">▪ Not applicable	Structure <ul style="list-style-type: none">▪ No planned changes to organization structure	Structure <ul style="list-style-type: none">▪ Not applicable
Financial & Performance Management <ul style="list-style-type: none">▪ Utilities are monitored at most major buildings throughout the campus	Financial & Performance Management <ul style="list-style-type: none">▪ Develop robust performance metrics to measure and track performance of energy projects, such as energy consumption, energy savings, payback period, return on investment, and energy cost per gross square foot▪ Ongoing two-way communication with faculty, staff, and students about performance metrics▪ Equip buildings with modern digital control systems	Financial & Performance Management <ul style="list-style-type: none">▪ Determine key and critical performance metrics▪ Develop methodology for tracking and measuring performance▪ Develop process for on-going two-way communication with faculty, staff and students▪ Develop real-time monitoring and control capabilities

UNI Business Case Overview: FAC-03

Business Case ID	Description
FAC-03: Reduce utilities and operational costs by adjusting thermostats in classroom buildings during evenings and the summer	Reduce utilities and operations costs by adjusting thermostats in classroom buildings at UNI during evenings and the summer. The limited use can enable UNI to save on cost of utilities.

Current State Challenges:

- Energy prices have almost doubled in the last 15 years, compounding the need for energy conservation
- Faculty offices are located in every classroom building and faculty need to work in their offices
- Departments frequently prefer to co-locate offices, classrooms and study space to promote learning
- Some departments work late in the evenings
- Academic departments and administrative functions do not presently have any clear incentive to manage temperature or conserve energy
- Certain buildings have specialized equipment that must be accessed by students, faculty and staff outside of working hours (e.g. specialized computers/software that are not accessible remotely)
- Certain buildings have essential equipment that requires temperature and humidity control at all hours of the day (e.g. murals, musical instruments)
- IT infrastructure and equipment policy is decentralized; therefore it may be difficult for faculty to share classrooms given there is not a common technology platform
- Scheduling for many classrooms is presently done by the departments (except 110 Classrooms, which are scheduled by the Registrar)

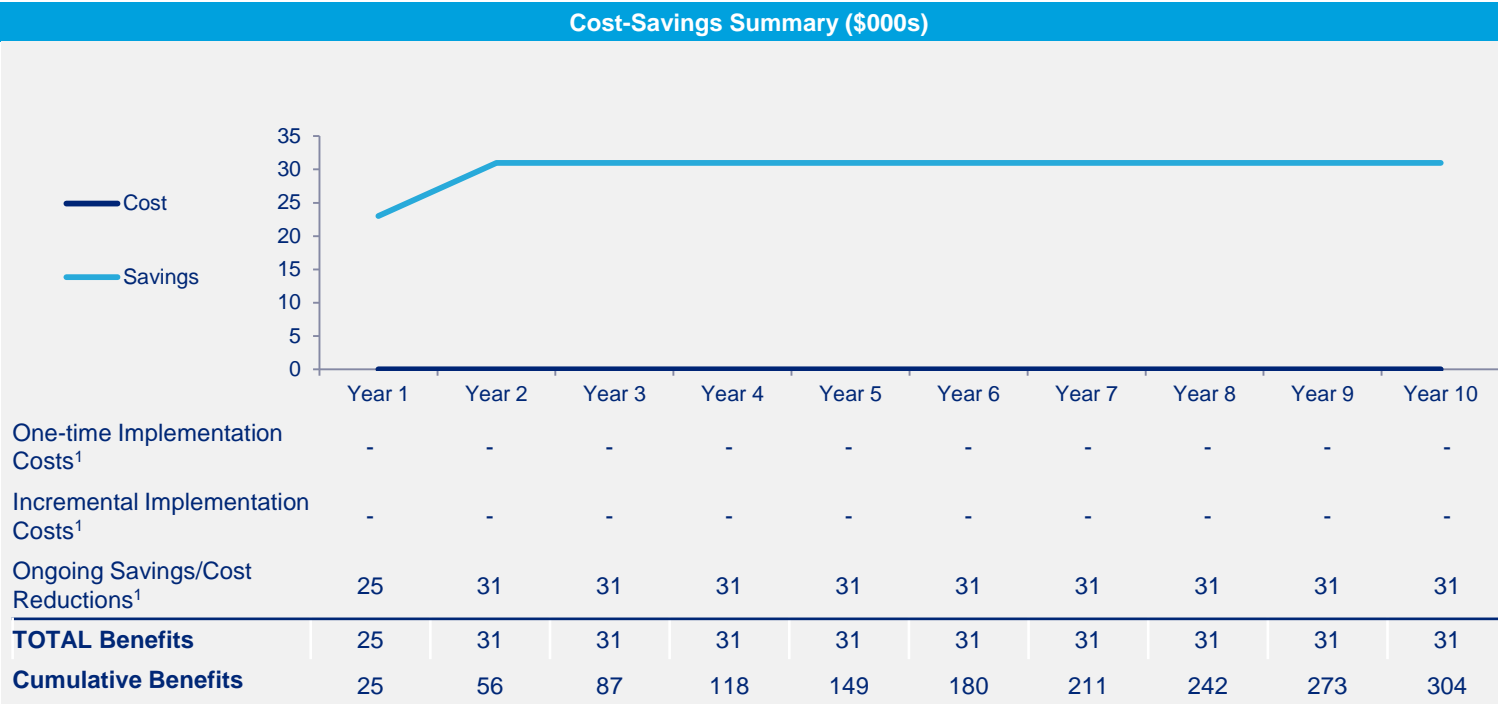
UNI Business Case Overview: FAC-03

Future State Solution

- Classroom buildings that have similar attributes and requirements can operate on a similar heating and air conditioning schedule (i.e., 6am – 6pm)
- Heating and air conditioning will not be limited during unoccupied periods when special events are held in the classroom buildings or when Facilities personnel (e.g. custodians) are performing their services
- Student groups and other organizations that have evening and weekend meetings during the summer may have those meetings moved into a “focus list” of buildings that do not limit heating and air conditioning during evenings and weekends
- Explore the potential to develop incentives for departments to achieve savings from the reduction in energy consumption in a given classroom building
- UNI already uses a schedule to limit utility consumption for academic buildings during the academic year. The university will review current practices to see if there is an opportunity for improvement during non-summer months however the savings during non-summer months will likely be small.

Expected Qualitative Benefits

- Improve temperature controls and comfort levels during peak operating hours
- Bolster campus’ culture of sustainability, driving student and employee satisfaction and retention



Proposed Performance Measures

- Total energy savings (dollars and units)
- Faculty, student and staff satisfaction measured through surveys
- Energy cost per gross square foot (by building and space type)

Time to Implement

- Short: 0-6 Months
- Medium: 6-18 Months
- Long: 18 Months or Longer

Short

Medium

Long

Note: Ownership of this business case was transitioned to UNI in August for review and validation. UNI officials revised the savings estimates which are represented in this business case. All estimates are preliminary and subject to 128 range after further validation

¹Existing university employees will develop a working plan, meet with faculty and other stakeholders, communicate with stakeholders, and determine schedules and temperature settings.

UNI Business Case Summary: FAC-03

Timeline												
Key Activity	Q1	Q2	Q3	Q4	Q5	Q6	Q7	Q8	Q9	Q10	Q11	Q12
Solicit Input												
Communicate Initiative												
Design												
Implement												
Refine												

Activity Details

- **Solicit Input:** Survey faculty, staff and students from each building to assess constraints and requirements
- **Communicate:** Visit stakeholders at each classroom building to explain initiative potential savings, specifics and understand building usage patterns
- **Design:** Incorporate stakeholder input to determine thermostat setback scheduling for each classroom building
- **Implement:** Limit heating and air conditioning schedules based on refined initiative design
- **Refine:** Listen to faculty, staff and students feedback and optimize classroom building schedules accordingly

Opportunity Scope	
<p>Within Business Case</p> <ul style="list-style-type: none"> ▪ Classroom buildings only (i.e. any buildings that holds classes) ▪ Heating and air conditioning of classroom buildings ▪ Non-salary utilities spend data, by classroom building ▪ Evening and weekend schedules for summer 	<p>Outside of Business Case</p> <ul style="list-style-type: none"> ▪ Buildings that do not have classrooms (e.g. Bartlett Hall) ▪ Closure of buildings that makes them inaccessible ▪ Schedules during holiday periods (most buildings already limit these schedules)

Assumptions	Dependencies including Technology
<ul style="list-style-type: none"> ▪ Analysis is based on 2014 summer and spring schedules ▪ Faculty, staff and students will be able to access buildings at times of limited heating and air conditioning 	<ul style="list-style-type: none"> ▪ Gaining buy-in from university administration, faculty and students to support the initiative

Next Steps
<ul style="list-style-type: none"> ▪ Meet with faculty heads of departments individually to gather specific building requirements and constraints ▪ Meet in-person with stakeholders at each building and share building specific data and information ▪ Determine setback heating and air conditioning schedules for classroom buildings with stakeholder input

UNI Business Case: FAC-03

The business case modeled below outlines the potential benefits related to reducing utility costs at UNI. Steady state savings in this model are \$31K annually.

All figures in \$000s	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Total	Assumptions
Implementation Costs												
One-time Costs	-	-	-	-	-	-	-	-	-	-	-	Assumes no additional implementation costs since existing university employees will develop a working plan, meet with faculty and other stakeholders, communicate with stakeholders, and determine schedules and temperature settings. Additional time may be spent taking readings and checking comfort levels
Costs Reduction / Savings												
Annual savings ¹	25	31	31	31	31	31	31	31	31	31	304	Savings generated from reduced energy consumption primarily during summer months in 19 different buildings
Impact												
Annual benefit	25	31	31	31	31	31	31	31	31	31	304	
Cumulative benefit	25	56	87	118	149	180	211	242	273	304		
Payback Period (in months)	-											

¹UNI already uses a schedule to limit utility consumption for academic buildings during the academic year. The university will review current practices to see if there is an opportunity for improvement during non-summer months however the savings during non-summer months will likely be small.

Note: All estimates are preliminary and subject to change after further validation

UNI Business Case Overview: FAC-04

Business Case ID	Description
FAC-04: Reduce energy consumption by investing in energy management initiatives	Increase efforts to manage energy consumption by investing in energy management initiatives with short payback periods. Develop and evaluate business cases for energy savings that have these payback periods, such as: energy efficient light bulbs, motion sensor switches, building controls and building automation. To fund these initiatives, consider a system that reinvests a percentage of savings each year from energy initiatives back into the energy management fund.

Current State Challenges:

- Energy prices have almost doubled in the last 15 years, compounding the need for energy conservation
- Increasing demands by new and renovated facilities have also increased energy expenditures
- Proliferation of personal electronic devices has added to energy demand

UNI Business Case Overview: FAC-04

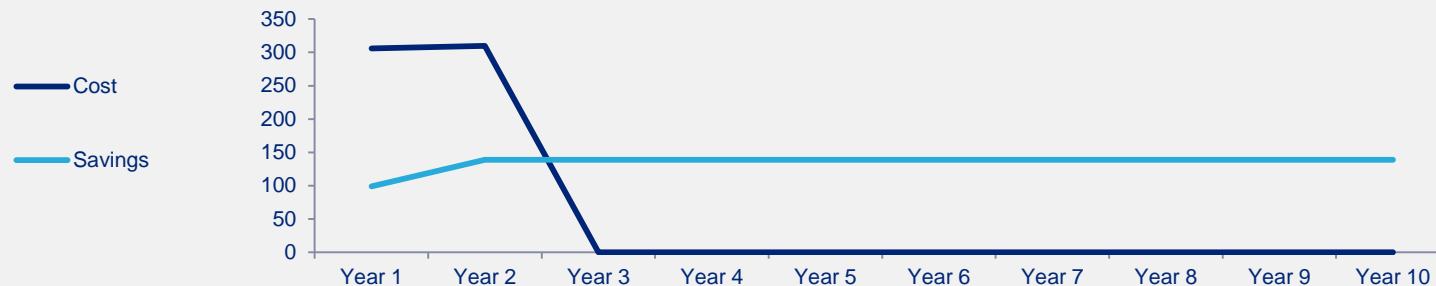
Future State Solution

- Implement energy projects, including: demand control ventilation, variable frequency drives for pumps, occupancy sensors, lighting retrofits, and direct digital controls
- Undertake energy studies to identify additional projects, prioritizing from a pool of the best available projects
- Develop a comprehensive monitoring and verification program to guide measurement of performance and energy savings
- Establish a detailed prioritization framework for energy projects, balancing payback period, gross energy reduction, cost, and energy consumption intensity of building
- Bundle energy projects to minimize costs and inconvenience to stakeholders, while maximizing financial return
- Invest in increasing the energy efficiency of construction or maintenance projects if the financial return warrants it
- Equip buildings with modern digital control systems to provide real-time monitoring and control, and historical data
- Develop a formal process that commissions a few existing buildings each year on a rolling basis
- Consider utilizing students for commissioning studies and energy project identification

Expected Qualitative Benefits

- Bolster UNI's culture of sustainability, driving student and employee recruitment and retention
- Improve planning
- Improve equipment functionality and efficiency
- Improve monitoring and control
- Optimize light and fresh air levels
- Increase safety by reducing temperature of mechanical spaces and exposed hot piping

Cost-Savings Summary (\$000)



One-time Implementation Costs	306	310	-	-	-	-	-	-	-	-
Incremental Implementation Costs	-	-	-	-	-	-	-	-	-	-
Ongoing Savings/Cost Reductions ¹	99	139	139	139	139	139	139	139	139	139
TOTAL Benefits¹	(207)	(171)	139	139	139	139	139	139	139	139
Cumulative Benefits¹	(207)	(378)	(239)	(100)	39	178	317	456	595	734

¹ Ongoing savings and benefits assume 2014 energy prices

Note: All estimates are preliminary and subject to change after further validation

Proposed Performance Measures

- Total energy savings (\$ and units)
- Simple payback period (total and by energy project)
- Return on investment (total and by energy project)
- Faculty, staff and student satisfaction
- Energy cost per gross square foot (by building and space type)
- Number and value of energy projects implemented
- Number of new projects identified

Time to Implement

- Short: 0-6 Months
- Medium: 6-18 Months
- Long: 18 Months or Longer

Short

Medium

Long

UNI Business Case Summary: FAC-04

Timeline										
Key Activity	Q4 '14	Q1 '15	Q2 '15	Q3 '15	Q4 '15	Q1 '16	Q2 '16	Q3 '16	Q4 '16	Q1 '17
Design										
Implement										
Iterate										
Communicate (Ongoing)										
Measure (Ongoing)										

Activity Details
<ul style="list-style-type: none"> ▪ Design: Identify funding and develop detailed implementation plan for energy projects, including prioritization and timeline ▪ Implement: Implement energy projects using existing staff or hiring consultants / contractors ▪ Iterate: Identify new energy projects (e.g. through energy audits), prioritize, and implement using savings generated from earlier projects and/or additional funding ▪ Communicate (Ongoing): Communicate the initiative to collective campus community ▪ Measure (Ongoing): Measure energy and cost savings

Opportunity Scope	
Within Business Case <ul style="list-style-type: none"> ▪ Projects related to energy conservation and reduction ▪ Projects with short payback periods and/or higher priorities ▪ Cost and savings estimates, by energy project ▪ Prioritization of energy projects ▪ Phasing of investment and savings, by energy project 	Outside Scope of Business Case <ul style="list-style-type: none"> ▪ Projects related to sustainability that are not directly related to energy consumption (e.g. waste removal) ▪ Compensation data for Facilities Planning, Utilities, Power Plant, and Energy administration and staff ▪ Utilities and Power Plant and Energy related-organizational structures, reporting lines, activities performed, and systems

Potential Issues/Risks
<ul style="list-style-type: none"> ▪ Competing demands lower funding availability ▪ Implementation team does not ask for assistance or escalate issues in a timely manner ▪ Projects do not meet projected estimates for savings and/or timelines ▪ Energy prices increase significantly, negating appearance of energy savings in spite of reductions

Assumptions	Dependencies including Technology
<ul style="list-style-type: none"> ▪ Savings from energy projects will be reinvested in a fund for future investment in energy management projects ▪ Administration supports the opportunity ▪ Energy savings can be measured and recorded ▪ Project timing is based on priority and resource availability 	<ul style="list-style-type: none"> ▪ Ability to estimate timing and energy savings in order to meet Administration and Financial Services requirements ▪ Funding is available and approved by University administration ▪ Energy engineers are available to implement projects (or projects are contracted out) ▪ Energy savings are properly measured and tracked for reinvestment into future projects

Next Steps
<ul style="list-style-type: none"> ▪ Create mechanism for tracking energy savings ▪ Assign responsibilities for projects and begin implementation ▪ Communicate initiative to collective campus community

UNI FAC-04 Business Case

\$0.62M funding is established for support the implementation of energy projects over years one and two. Funding source is to be determined. Projects will be implemented using existing staff, hiring additional staff, or engaging consultants. \$0.62M fund does not include existing operational budget for energy management.

All figures in \$000s	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Total	Assumptions
Implementation Costs												
One-time Costs	306	310	-	-	-						616	Assumes \$0.31M funding made available in both years one and two. Funding will support the implementation of initiatives such as demand control ventilation, variable frequency drives for pumps, occupancy sensors, lighting retrofits, and direct digital controls
Costs Reduction / Savings												
Annual savings ¹	99	139	139	139	139	139	139	139	139	139	1350	Savings generated from 11 UNI-specific energy projects
Impact												
Annual benefit ¹	(207)	(171)	139	139	139	139	139	139	139	139	734	
Cumulative benefit ¹	(207)	(378)	(239)	(100)	39	178	317	456	595	734		
Payback Period (in months)	57											

- Size and simple payback periods of individual energy initiatives in the program vary
- As the program gains momentum, and early initiatives start generating savings, additional investments are expected²

¹ Ongoing savings and benefits assume 2014 energy prices

² No additional investments are modeled in this analysis

Note: All estimates are preliminary and subject to change after further validation

ISU Business Case Overview: FAC-04

Business Case ID	Description
FAC-04: Reduce energy consumption by investing in energy management initiatives	<p>Increase efforts to manage energy consumption by investing in energy management initiatives with short payback periods. Develop and evaluate opportunities for energy savings that have these payback periods, such as: energy efficient light bulbs, motion sensor switches, building controls and building automation.</p> <p>To fund this business case, consider the creation of an energy management fund.</p> <p>Initiatives such as the current renovation of the University's Power Plant will reduce utility costs and control future utility costs for all university customers.</p>

Current State Challenges:

- Energy prices have almost doubled in the last 15 years, compounding the need for energy conservation
- Increasing demands by new and renovated facilities have increased energy consumption
- Proliferation of personal electronic devices has added to energy demand
- Increased enrollment is shifting the priorities of the utility customers to focus on teaching and research concerns more than energy management issues
- Facilities Planning & Management acts as an energy management advisor to utility customers, but cannot control how those customers spend their money
- Iowa State purchases electricity and natural gas at the wholesale market and is not eligible for external utility rebates

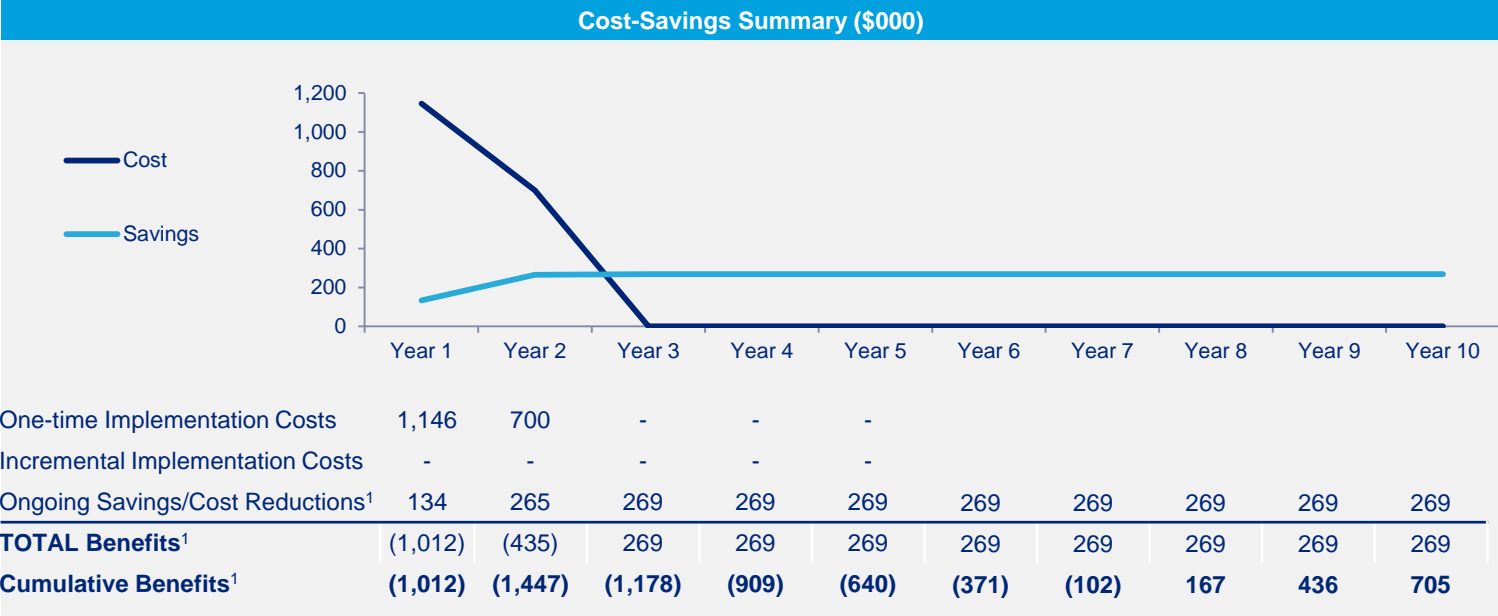
ISU Business Case Overview: FAC-04

Proposed Solution

- Implement energy projects, including: failed steam trap replacement, direct digital controls, daylight controls and occupancy sensors, coil replacement, occupant behavior improvement, and lighting fixtures replacement
- Undertake energy studies to identify additional projects, prioritizing from a pool of the best available projects
- Use monitoring and verification to guide and benchmark measurement of performance and energy consumption
- Establish a prioritization framework for energy projects, balancing criteria such as payback period, gross energy reduction, cost, and energy consumption intensity of building
- Bundle energy projects minimizing costs and inconvenience to stakeholders, while maximizing energy reduction
- Invest in energy efficiency of construction or maintenance projects if warranted by the total cost of ownership
- Equip buildings with modern digital control systems to provide real-time monitoring and control, and historical data
- Develop a formal process that commissions a few existing buildings each year on a rolling basis
- Consider utilizing engineering students for commissioning studies and energy project identification

Expected Qualitative Benefits

- Bolster ISU’s culture of sustainability
- Improved equipment functionality and efficiency
- Improved monitoring and control
- Improved safety by eliminating exposed hot piping, reducing temperature of mechanical spaces
- Improved environment for building occupants (e.g. improved lighting, improved ventilation)



Proposed Performance Measures

- Energy consumption
- Energy cost savings
- Simple payback period (total and by energy project)
- Return on investment (total and by energy project)
- Number and value of energy projects implemented
- Number of new projects identified

Time to Implement

- Short: 0-6 Months
- Medium: 6-18 Months
- Long: 18 Months or Longer

Short

Medium

Long

¹ Ongoing savings and benefits assume 2014 energy prices
Note: All estimates are preliminary and subject to change after further validation

ISU Business Case Summary: FAC-04

Timeline										
Key Activity	Q1	Q2	Q3	Q4	Q5	Q6	Q7	Q8	Q9	Q10
Design										
Implement										
Iterate										
Communicate (Ongoing)										
Measure (Ongoing)										

Activity Details
<ul style="list-style-type: none"> ▪ Design: Verify available funding and develop detailed implementation plan for energy projects, including project bundling, prioritization and timeline ▪ Implement: Implement energy projects using existing staff, hiring additional staff, or engaging consultants ▪ Iterate: Identify new energy projects implemented using energy management fund ▪ Communicate (Ongoing): Communicate and market the initiative to collective campus community ▪ Measure (Ongoing): Measure energy and cost savings

Opportunity Scope	
Scope Within Business Case <ul style="list-style-type: none"> ▪ Projects related to energy conservation and reduction ▪ Projects with short payback periods and/or higher priorities ▪ Cost and savings estimates, by energy project ▪ Prioritization of energy projects ▪ Phasing of investment and savings, by energy project 	Scope Outside Business Case <ul style="list-style-type: none"> ▪ Projects related to sustainability that are not directly related to energy consumption (e.g. waste removal) ▪ Compensation data for Facilities and Utilities Services and Energy Management administration and staff ▪ Utilities Services and Energy Management-related organizational structures, reporting lines, activities performed, and systems

Potential Issues/Risks
<ul style="list-style-type: none"> ▪ Administration does not approve funding ▪ Projects do not meet projected estimates for savings and/or timelines ▪ Increasing enrollment and research activity may result in increased energy use ▪ Energy prices increase significantly, negating appearance of energy savings in spite of energy reductions

Assumptions
<ul style="list-style-type: none"> ▪ Reduction in energy consumption can be measured and recorded ▪ Project timing is based on priority and resource availability

Dependencies including Technology
<ul style="list-style-type: none"> ▪ Ability to estimate timing and energy savings in order to meet Business and Finance requirements ▪ Energy engineers are available to implement projects (or projects are contracted out) ▪ Energy consumption is properly measured

Next Steps
<ul style="list-style-type: none"> ▪ Communicate funding mechanism to key stakeholders ▪ Determine which buildings to implement each project in ▪ Assign responsibilities for projects and begin implementation

ISU FAC-04 Business Case

Energy management fund of \$1.85 million is established for energy projects. Projects will be implemented using existing staff, hiring additional staff, or engaging consultants.

All figures in \$000s	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Total	Assumptions
Implementation Costs												
One-time Costs	1,146	700	-	-	-	-	-	-	-	-	1,846	Assumes \$1.15M funding made available in year one and \$0.7M in year two to support implementation of energy projects
Costs Reduction / Savings												
Annual savings ¹	134	265	269	269	269	269	269	269	269	269	2,551	Savings generated from 12 ISU-specific energy projects
Impact												
Annual benefit ¹	(1,012)	(435)	269	269	269	269	269	269	269	269	705	
Cumulative benefit ¹	(1,012)	(1,447)	(1,178)	(909)	(640)	(371)	(102)	167	436	705		
Payback Period (in months)	89											

- Size and simple payback periods of individual energy initiatives in the program vary
- As the program gains momentum, and early initiatives start generating savings, additional investments are expected²
- As the initiative's team gains experience, it is expected that savings should be generated sooner than the stated payback period

¹ Ongoing savings and benefits assume 2014 energy prices

² No additional investments are modeled in this analysis

Note: All estimates are preliminary and subject to change after further validation